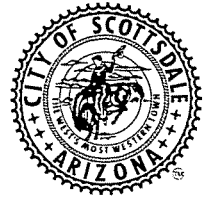


CITY COUNCIL REPORT



MEETING DATE: 04/26/2005 ITEM NO. / GOAL: Fiscal and Resource Management

SUBJECT

City Council Budget Subcommittee Recommendations on FY 2005/06 Budget

BACKGROUND

The Scottsdale City Council established the City Council Budget Subcommittee for the purpose of gathering public input regarding the Scottsdale City budget and making recommendations to the full City Council on the budget. The FY 2005/06 Budget Subcommittee members are Councilmen Wayne Ecton, Chair; Ron McCullagh; and Kevin J. Osterman.

The Subcommittee held a total of 12 public meetings from early December 2004 through mid-April 2005 to discuss key issues in the proposed budget and formulate the Subcommittee's recommendations to the full City Council. The Subcommittee's meetings included three half-day working sessions to review in detail the proposed budget with all department managers. This also included four roundtable discussions, sponsored by the Subcommittee for the specific purpose of gaining input on citizen priorities and receiving feedback on the proposed budget. The Subcommittee also received e-mails and letters from citizens (attached).

The Subcommittee discussed all the issues that had been brought up by citizens throughout the public input process. They did not choose to recommend that all priorities be included in the Budget, but they did make sure that all issues raised by citizens had been discussed to the Subcommittee's satisfaction with City staff.

The Subcommittee discussed a number of issues in the process of developing their recommendations, and requested additional information from staff. The responses prepared by City staff are attached to this report.

SPECIFIC RECOMMENDED CHANGES

The following are the specific recommendations of the Subcommittee for inclusion in the FY 2005/06 Budget and Capital Improvement Plan.

A. Additional office space for the Scottsdale Cultural Council. The Subcommittee recommends that the City Council amend the proposed budget for FY 2005/06 and add \$87,000 from the General Fund unreserved fund balance for the purpose of assisting the Scottsdale Cultural Council in the acquisition of additional leased office space.

The Subcommittee further recommends that the City Council and staff continue to work with the Scottsdale Cultural Council on a plan to assess the needs of the Cultural Council. The City Council should also consider revising the current contract with the Cultural Council to better outline the current expectations and responsibilities of both parties.

Action Taken _____

ADDITIONAL
INFORMATION

B. Preserve Connections program. The Subcommittee recommends that the City Council amend the proposed budget to add \$7,500 from the General Fund unreserved fund balance to fund the continuation of the Preserve Connections program during the 2005/06 fiscal year. This program was successful as a pilot program in March 2005 and should be continued.

C. Mescal Park Improvements. The Subcommittee recommends that the City Council amend the proposed FY 2005/06 Capital Improvement Plan and transfer \$150,000 from the General Fund unreserved fund balance to create a Mescal Park capital improvement project. The funds would be used to address possible capital improvements at the park. This is in response to concerns raised by citizens about the condition of the park during the public input process for the budget.

Staff advised the Subcommittee that funding needs for Mescal Park improvements will vary depending on the type and level of improvements requested. The proposed FY 2005/06 operating budget and staffing should be sufficient to address basic service improvements to the park. However, to address possible capital improvements at the park, such as rubberized footing and park lighting, additional assessment is required. Depending on the assessment, staff currently estimates the cost of capital improvements could range from \$150,000 for rubberized footings up to \$300,000, if park lighting is added. If additional funds are needed, the City Council could authorize the use of additional CIP contingency funds at a later date.

Park lighting also will require public input and outreach efforts of the surrounding community. An initial neighborhood meeting on these issues is scheduled for Thursday, May 5, at Cocopah Middle School (6615 E. Cholla).

D. Power Line Undergrounding. The Subcommittee recommends that the City Council amend the proposed Capital Improvement Plan to add \$500,000 from the General Fund unreserved fund balance in FY 2005/06. This new project would fund feasibility studies related to the possible undergrounding of utilities (i.e. for the Crosscut Canal) and to support local improvement district undergrounding projects.

A. Additional funding for EMSD Commission. The Subcommittee received a request from the EMSD Commission for \$130,000 in City funds for additional marketing of Scottsdale's Downtown. The Subcommittee declined to make a recommendation on the request. The Subcommittee requested that the full City Council consider this item as part of the agenda item regarding funding for the EMSD Commission currently scheduled for the May 17, 2005 City Council meeting.

B. Enhanced Enforcement on the Loop 101/Pima Freeway. The Subcommittee clarified that no funding for photo enforcement or increased patrols on the Loop 101 is included in the proposed Budget. Any enhanced enforcement on the Loop 101 would require City Council consideration before tentative Budget adoption May 17, 2005.

C. Distribution of Health Care Premiums. A member of the Subcommittee brought to the Subcommittee's attention the distribution of health care premium costs. Subsequent to that discussion, the City Council approved the health care package for FY 2005/06. The Subcommittee learned that staff would analyze health benefit costs and revenues and make recommendations regarding further cost sharing through premium rates and plan design features (for example, co-payments, co-insurance for prescription costs and deductibles).

APPROVED BY

Wayne Ecton

Councilman Wayne Ecton, Subcommittee Chairman

4-21-05

Date

Ron McCullagh

Councilman Ron McCullagh

4.21.05

Date

Kevin J. Osterman

Councilman Kevin J. Osterman

4-21-05

Date

CITY COUNCIL

BUDGET SUBCOMMITTEE REPORT



MEETING DATE: Feb. 22, 2005

*** Updated April 22, 2005 ***

SUBJECT **Citizen Budget Summit Public Input**

BACKGROUND The City Council Budget Subcommittee was established by the Scottsdale City Council for the purpose of gathering public input regarding the Scottsdale city budget and making recommendations to the full City Council on the budget. The FY 2005/06 Budget Subcommittee members are Councilmen Wayne Ecton, Chair, Ron McCullagh, and Kevin Osterman. It was determined at the Subcommittee's meetings in December 2004, that public outreach efforts prior to the release of the proposed budget would include two Citizen Budget Summits held at two different locations in the city. The subcommittee also wanted to get input from youth and asked the Mayor's Youth Council members to participate in a separate summit. This report is a summary of those meetings.

SUMMARY **Outreach Methods** - Multiple outreach methods were used to notify citizens as to the dates, times, locations and content of the summits. The methods used were:

- Press releases were sent to newspapers resulting in several news briefs.
- Postcards were sent out inviting interested community and neighborhood leaders and residents to attend the summits.
- Council members were provided the opportunity to personally invite participants to attend the meetings.
- Links were added the City's Internet home page, and web pages were created with additional information about the forum. An e-mail address to submit comments was created for citizens unable to attend a summit.

Two separate summit locations were chosen to make it easier for residents to attend closer to their homes.

Summit Format - Each summit included a welcome by Chairman Ecton and an overview by the Budget Director. The group was divided into two smaller groups, and roundtable discussions were held, led by a council member. Participants were asked to respond to the first two questions. Additional questions were covered as time was available, and at the discretion of the council member facilitating the discussion.

- What city services do we need to increase or add?
- What city services do we need to eliminate or reduce?
- What are your priorities for public safety (police and fire services)?
- Do your priorities for the city include quality of life issues, such as arts, culture, entertainment, etc.? Follow-up: Should the city consider any additional taxes or user fees to fund quality of life services?
- Is there anything else, that hasn't already been raised, that we need to consider in developing this year's budget?

The specific dates, locations, and number of participants are provided below:

Date	Location	# of Participants
January 31-Summit	Pinnacle Room	15
February 2-Summit	Via Linda Senior Center	12
<i>Subtotal</i>		27
January 26-Mayor's Youth Council	Pinnacle Room	7
March 29-Forum	Via Linda Senior Center	14
E-mails (as of Apr. 22)		17
Total		65

Mayor's Youth Council meeting - In addition to the two summits, council members and staff also listened to priorities from representatives of the Mayor's Youth Council, during a special meeting held on January 26, 2005. Participants were asked the same questions as during the Citizen Budget Summits.

Citizen Budget Forum – This forum, after the release of the proposed budget, was held on Tuesday, March 29, 2005 at the Via Linda Senior Center (10440 E. Via Linda). Comments from the Citizen Budget Forum are attached.

Participant Comments - Comments from each of the Citizen Budget Summits, the Mayor's Youth Council meeting, and e-mails received at Budget@ScottsdaleAZ.gov are attached.

NEXT STEPS

The next steps in the City Council Budget Subcommittee's process are:

Report to City Council - The results of the Budget Subcommittee's work are scheduled for presentation to the full City Council on Tuesday, April 26, during a public meeting. The report will be presented before the City Council's first public budget hearing scheduled for Tuesday, May 3.

STAFF

CONTACT(S)

Art Rullo, Budget Director, 312-2435, ARullo@ScottsdaleAZ.gov; or
Brent Stockwell, Asst. to Mayor/Council, 312-7288, BStockwell@ScottsdaleAZ.gov

ATTACHMENTS

1. Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group A
2. Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group B
3. Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center - Group A
4. Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center - Group B
5. Comments from Jan. 26, 2005 Mayor's Youth Council meeting
6. Comments from Mar. 29, 2005 Forum at the Via Linda Senior Center (New)
7. E-mails received at Budget@ScottsdaleAZ.gov (Updated)

ATTACHMENT 1.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room. Group A

Increase/Add

1. Re-establish Environmental Office. Currently not enough environmental positions to allow proactive approach
2. Additional police protection/Public Safety for South Scottsdale
3. Additional partnering with ASU in design of buildings/revitalization of Southern Scottsdale
4. Financial Services needs additional staff to conduct more in-depth financial analysis instead of simply addressing daily operations. Particularly interested in overtime tracking, control, and analysis
5. Public Safety – Use more non-sworn public safety officers to perform routine and mundane tasks and general policing
6. Hayden and Thomas – Additional road/intersection safety needed for dangerous intersection
7. Fire – Renovation of Miller and Thomas fire station
8. Upkeep of medians/landscaping in South Scottsdale
9. More city partnerships with neighborhoods for revitalization efforts
10. Make Greenbelt and Downtown more pedestrian friendly. Address connectivity of two areas.
11. More speed enforcement by photo radar, especially in South Scottsdale
12. Video and audio of community meetings on city Website
13. Wi-Fi service in Scottsdale is very limited; other cities much more advanced in Wi-Fi technology.

Eliminate/Reduce

1. Performing Arts Center
2. San Francisco Giants and auto dealers subsidies
3. Cultural Council; Culture Quest
4. Four day work week for officers
5. Non-emergency special event overtime for police
6. Police response for faulty alarms more than 2 times in a year
7. Fire responding to every auto accident
8. Police monitoring massage parlors
9. Pension costs; employee benefits of staff

Priorities for Public Safety

1. Increased police presence/more visibility
2. Increased accountability for bars (and problems they cause)
3. Prioritize funding for police protection
4. Increased visibility
5. Innovation:
 - "fake" red light cameras/vans to deter; civilians on motorcycles with radar guns
 - more coverage with less
6. Properly use sworn officers
7. Re-examine false alarm protocol
8. Make sure public safety personnel continue to respond appropriately
9. Use mobile shooting vans to keep gun certification current for officers to avoid having to travel long distances to shooting ranges
10. Re-examine costs for police protection
11. Speeding tickets – do they actually increase safety
12. Private security instead of police protection. Should use video cameras, motion detectors, awareness mannequins as alternate means of protection and surveillance instead of sworn officers.
13. Don't re-examine police security

Priorities for Quality of Life

1. Cultural Council -- continue to support arts:
 - Scottsdale known for its culture
 - Analysis – balance between expenditures and returns
2. Recognize impact to economy (Giants, Performing Arts)
3. Tourists to pay for amenities (art is subjective)
4. Consider \$\$ and cents over subjectivity
5. Be proactive in attracting big events, large venues
6. End "let 'em leave" mentality
7. Increase revenues from, help tax burden
8. Analyze bottom-line impacts
9. Spend to keep attractions (only if \$\$ are returned)
10. Should have kept Rawhide in Scottsdale, make WestWorld special
11. Add more community facilities for citizens in South Scottsdale (gyms, ice rinks, running tracks)

ATTACHMENT 1.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room. Group A

12. Partner with Indian communities and take advantage of synergies with land uses.
13. Integrated community
14. Not all big art attractions – instead, invest for those that live here
15. Art exhibits and shops need better hours beyond 8-5 for working class
16. Integration of Downtown and Greenbelt.
17. Protect "integrity" of events in Scottsdale (e.g., FBR Open, Barrett-Jackson, etc.)
 - Too many special use permits – other events dilute merchant base over brand (craft carnivals in strip malls and parking lots)

Other Issues that Need to be Considered

1. Long-range planning is challenging – could do better
2. City leadership is destroying downtown with high-rise condos, increased traffic, and crowding
3. Inconsistency within Council on acceptance and use of grants and subsidies:
 - Federal grants tie hands at Scottsdale airport
 - Take back airport and stop accepting grants for capital improvements
 - Privatize airport and make 100% self-sustaining (user paid)
4. Execute CIP items (e.g., Hayden/median landscaping in South Scottsdale)
5. Intersection improvements
6. "Slowing life down" in Downtown (make pedestrian friendly)
7. Rapid transit? (see original for explanation of my ?)
 - We're a car-driven culture
 - South has density – ideal for additional mass transit routes and methods
 - Increase frequency/convenience of bus routes and stops (consider elements)
 - Why big buses? Federal subsidize
 - What would people use?
 - Offer year-round trolley service
 - Partner with schools to educate children on how to use mass transit in order to increase bus ridership
8. Web community calendar (integrate multiple calendars for one-stop resource)
9. Too many economic indicators are down since 2000 (tourism, bed tax)
10. Appreciative of forum

ATTACHMENT 2.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group B

Increase/Add

1. Library Services*
2. Police on street/traffic control/more visibility*
3. Landscape maintenance/Arabian Library
4. Property maintenance -- private property (front yard) code enforcement/neighborhood enhancements
5. Pinto Library -- DC Ranch
6. Code enforcement -- Do not transfer staff to other areas. Once they become familiar with particular neighborhood they seem to be transferred out.
7. Program for elderly to help with home maintenance/upkeep
8. Program for elderly that will allow them to continue to live in their homes (assistance)
9. Police -- fill vacant positions
 - a. Require education (Bachelors degree.)
 - b. Increase pay
10. Fire service: maintain current levels or increase
11. Code enforcement -- focus on classic Scottsdale, vacant property
12. Auto dealers -- invest/give incentives to keep business here
13. South Corporation Yard
14. Update City Ordinance/Code enforcement -- increase fines
15. Elderly day care
16. Homeless shelter
17. Art Fund in addition to SCC -- outside control of SCC
18. Symphony -- city should provide financial support
19. Code enforcement -- eliminate loopholes in Code
20. More staff -- more attention to existing infrastructure -- (Utility lines underground)
21. Green building program -- implement especially new construction

* = Noted by more than one person

ATTACHMENT 2.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group B

22. Transformer station -- landscape, NW corner Camelback/Scottsdale Road
23. Downtown bars -- Code enforcement
24. Traffic/transportation -- increase studies
25. City interface with children -- parks and recreation
26. Parada funding -- school bands
27. Education system -- City involvement
28. Kiva sound system -- Cable 11 (poor sound)
29. Trash clean up -- streets
30. Homeless facility
31. Scottsdale Symphony
32. Expand volunteer program for parking violations:
 - a. handicap space violations
 - b. out-of-State license plates
33. More cameras at intersections
34. Helicopter/Police
35. Increase fees/fines to generate revenue
36. WestWorld
37. WestWorld -- retain and attract new events
 - a. Pave -- improvements
38. Traffic control -- improve flow of traffic
 - a. synchronize lights -- fund study for improvements

Eliminate/Reduce

1. Aquatics (McDowell Mountain Ranch Aquatic Center)

* = Noted by more than one person

ATTACHMENT 2.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group B

Priorities for Public Safety

1. Radio contact -- improve (Scottsdale Radio Club)
 - a. Repeaters
2. More patrol cars on street*
3. Ambulance -- response time
4. Traffic flow -- speed limits, widen streets
5. Police sub-station -- staff 24/7
6. Fire/ambulance service – seamless transition from Rural Metro
7. Ambulance service – select a quality company/financially sound/provide good service
8. Paramedic on fire truck
9. Police downtown/bike patrol
10. Retain/hire more police
11. Miller/Thomas Fire Station -- do not move – if changes are made they should add to area
12. Slow down traffic/traffic enforcement
13. Increase red light cameras
14. Make police stations more accessible after 5:00 p.m.
 - b. Look like they are closed
 - c. Need emergency contact after 5:00 p.m.
 - d. Camera by front door

Other Issues that Need to be Considered

1. Code enforcement -- more community/people skills training (illegal handicap parking)*
2. Increase user fees/fines*
3. Use more volunteers for Code enforcement
4. Fine unlicensed drivers
5. Increase developer fees/impact fees/permit fees -- make = to other cities
6. False alarm fines increased
7. Habilitation center for new residents

* = Noted by more than one person

ATTACHMENT 2.

Comments from Jan. 31, 2005 Summit at the Pinnacle Room - Group B

8. Airport landing fees increased
9. South Scottsdale -- Focus
 - a. Landscape maintenance (increase)
 - b. Homeless
10. Neighborhood Watch -- Team with Police to publicize -- curfew and ordinances
11. No tax increase

* = Noted by more than one person

ATTACHMENT 3.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group A

Increase/Add

1. Enhance preventative services/programs
 - Crime, vandalism, drug abuse
 - Neighborhood watch – empower citizens to be involved in communities to make neighborhoods safer instead of solely relying on officers
 - More youth programs
2. Community revitalization of south Scottsdale
 - Crime and poverty are major concerns in South
 - Encourage growth, small businesses, investment in South by business leaders and citizens
3. More exposure/publicity in community of foreign exchange programs at schools
 - Give the Rotary additional publicity
4. Limit growth – make growth environment less friendly for developers
 - Limit growth along Pima Road, Scottsdale Road
 - Limit number of strip malls
5. Water use – penalties for excessive use
6. Transportation safety – traffic control, speeding – not pedestrian-friendly
7. Gentrify south Scottsdale – encourage blending of ages to enhance mix in South
8. Implement program for parents against drugs
 - Address disrespect of students
 - Encourage healthier and safer environment in schools
9. Youth employment programs
10. Attract another spring training team in addition to Giants – City is large enough to have more than one
11. Subsidized housing

Eliminate/Reduce

- No comments/suggestions

ATTACHMENT 3.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group A

Priorities for Public Safety

1. More neighborhood watch programs
 - Encourage/support community involvement and education in protecting neighborhoods – help support police instead of solely relying on them
2. Implement programs that reduce dependency on automobiles
 - More pedestrian-friendly environment
 - Traffic calming devices to increase safety
3. Address/ implement city rules regarding motorized scooters and other smaller modes of transportation – noise and safety issues
4. Predictability of photo radar placement – too easy too learn when/where photo radar is
5. Pedestrian safety and walkways
 - Install more audible warnings at x-walks
 - Use more safety measures for pedestrians, such as crosswalk countdown
 - Downtown Scottsdale – more nights dedicated to pedestrian activities to get people out of their cars and outside walking and interacting with each other

Priorities for Quality of Life

1. Smithsonian – should have tried to keep permanently
2. Need other museums in city to enhance culture and activities

ATTACHMENT 4.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group B

Increase/Add

1. Citizen wanted to comment very impressed with City Management
2. Libraries need improvement
3. Is aquatic center necessary?
 - a. Do we really need more recreation services?
4. Positive feedback about Fire Department
5. Need to expand library services
6. Lacking Police officers on street
 - a. Traffic issues near McDowell Mountain Ranch
 - b. Need patrol services
 - c. Monitor traffic
7. Weeds/debris near Arabian Library
 - a. Landscape maintenance or Code enforcement issue?
8. Overall, citizen satisfied with services
9. More Patrol officers needed to address crime and graffiti
10. Increase Code Enforcement near Pima/McDowell and Oak Street
11. Increase funding for Neighborhood Enhancement
12. Find ways to increase revenues
13. Build Pinto Library -- DC Ranch
14. Increase Code Enforcement Department
 - a. Reduce staff transfers. Seems when inspector gets familiar with residents and history of area they are transferred to another beat.
15. Establish a program for elderly or handicap citizens to survive in their homes. I.e. provide landscaping and maintenance services.
16. Concerns about ability to fill all of the new Public Safety Sales Tax Police Officer positions
17. Likes Scottsdale's high hiring standards of hiring educated officers
 - a. Need to increase compensation to attract those educated officers
18. Fire – Concerns if budget be enough to provide needed services. Do not want services to decrease.
19. Glad to know working towards increasing Code Enforcement – would like to see increase continue.
20. Need to increase resources to keep car dealerships in Scottsdale - they generate large revenues for the City - 17% of sales tax

ATTACHMENT 4.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group B

21. South Corporation Yard – need to do something with the land to be a "better neighbor with Tempe"
22. Increase Code Enforcement
 - a. Would like to see Council's support to amend Ordinances to increase Code Enforcement
23. Establish day care for elderly
24. Establish a Homeless shelter
25. Establish a City art fund (aside from Public Art program) that is managed by the City and not by the Cultural Council.
26. Provide financial support to the Scottsdale Symphony Orchestra
27. Increase Code Enforcement – program needs to have more supervision and more inspectors
28. Funding to hide power lines - Infrastructure enhancements
29. Increase Green Building Program
30. Utilize landscaping of plants and trees to camouflage the transformer station
31. Need better supervision of downtown bars
32. Concerned about traffic issues
33. City needs to interface with more children - i.e. Parada del Sol parade Bands, Parks and recreation, etc.
34. Concerned about Scottsdale's Education system
35. Sound system at Kiva and CityCable 11 needs to be upgraded
36. Need more trash clean up
37. Establish homeless shelter
38. Support Scottsdale Symphony
39. More resources to expand volunteer program
40. More camera boxes above lights -- photo radar
41. Add helicopter (Need to be concerned about Preserve safety also)
42. Increase revenues – i.e., traffic fines
43. Increase funding to improve WestWorld – City needs to keep Barrett Jackson
44. Departments need to fund more efficiently

ATTACHMENT 4.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group B

45. Pave WestWorld

46. Increase funding for traffic control i.e., flow and synchronize lights

47. Concerns about major roads under construction at same time

Eliminate/Reduce

- No comments/suggestions

Priorities for Public Safety

1. Radio contact
2. Response time
3. More patrol cars on street
4. Speeding on 96th Street
5. Quality of officers
6. Beat office staffing
7. Transition to municipal Fire Department is seamless
8. Ambulance services
9. Providing services to PV – ensure enough funding in contract to provide services
10. Paramedic on fire truck
11. More patrol
12. Mounted and Bike Units
13. Neighborhood Watch
14. Curfews
15. All of the above
16. Do not move fire station from Miller/Thomas. Elderly population in area relies on it. Add a fire station vs. moving.
17. Traffic enforcement -- photo radar

ATTACHMENT 4.

Comments from Feb. 2, 2005 Summit at the Via Linda Senior Center – Group B

18. Traffic laws

19. Police stations more user-friendly after 5:00 p.m. (District 1 & 2 very dark in front and the front desk is far from front door.)

20. Helicopter

Other Issues that Need to be Considered

1. Increase user fees
2. Increase code enforcement fines
3. Increase fines for unlicensed drivers
4. Increase fines
5. Increase development fees to be equal to other cities
6. Increase false alarm fines
7. Increase landing fees at airport
8. Increase handicap parking fine
9. Importance of Neighborhood Watch
10. Don't raise taxes
11. Increase communication among Code Enforcement inspectors. I.e. they are still using outdated handicap parking information.

Increase/Add

1. Public transportation – tailored for non-drivers
2. Current bus system is inadequate
3. Shuttle service for quick trips along busy corridors (FLW Blvd area)
4. More money for roads to relieve traffic congestion/lower pollution
5. Give money to schools/contribute to building renovations
6. Improve traffic issues (with projects like Hayden Rd improvements)
7. Above-ground “subway” along Pima
8. Large transit project
9. Improve preserve amenities – add trails
10. Advocate for more school funding
11. Council should “coach” school board (joint meeting with MYC, CC, school board)
12. Add schools

Eliminate/Reduce

1. Bridge at McCormick Ranch Parkway/Scottsdale Road
2. Frank Lloyd Wright spire (note: paid for with private funds)

Priorities for Quality of Life

1. “Small town feel”
2. Preservation
3. Focus on enhancement
4. Create a cultural area (more arts facilities) north of FLW Blvd
5. Create culture areas
6. Spread cultural venues
7. Kierland-type cultural areas near Scottsdale/Loop 101
8. Protect desert character
9. Big community parks
10. Bands/venues geared toward youth audience
11. Extending hours at parks and activities
12. Outdoor theaters
13. Art walks

ATTACHMENT 6.

Comments from March 29, 2005 Citizen Budget Forum at the Via Linda Senior Center

1. Mescal Park – Needed Improvements

- Footing improved (in arena and trails), as well as maintenance, dragged more often (once per week) and watered twice/day
- Not appropriate for horses
- Lights added to arena – 30-35 ft. high
- Like to have same level as WestWorld (possible use of rubberized footings like in Albuquerque?)
- Overgrown washes in this area are a fire hazard.

2. Energy (environmental)

- Full-time energy officer needed
- Possibly combine meters (such as at WestWorld)
- Analyze energy budget closer and look at efficiencies

3. Traffic Enforcement.

- Need more police to address speeders
- Possible use of civilians

4. 96th Street Project

- Roundabouts unwanted – eliminate them and return \$ to General Fund
- Crossing of horses across 96th Street

5. WestWorld

- Concerned about WestWorld and if capital projects will be built
- Footings in arenas at WestWorld are questionable and need to be improved

7. Health Benefits for Staff

- Concerned that employees aren't paying enough for coverage

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: ARich32@aol.com [mailto:ARich32@aol.com]

Sent: Sunday, January 16, 2005 10:27 AM

To: Budget@ScottsdaleAZ.gov

Subject: Citizen Summit

Thank you for this opportunity to share our ideas on the upcoming fiscal budget.

My suggestion is to establish a program whereby water rates would be the primary method of raising revenues for City operating, maintenance, and capital expenses, as well as for "special programs."

Because of the continued demand for water, and since water conservation programs will not work unless there is a substantial \$ involved, using water rates as a method of water conservation will work! It will also tend to slow down growth very gradually, so that growth will no longer be the only way to continue to thrive.

Set the water rates, so that the very low income families will pay very little and the high water users will pay the most. This will tend to control future growth and provide the City an unlimited supply of revenues for improving the quality of life for its residents.

Thank you,

Alex A. Richards

-----Original Message-----

From: janazlady [mailto:janazlady@cox.net]

Sent: Monday, January 17, 2005 5:38 PM

To: budget@scottsdaleaz.gov

Subject: 2005/06 Fiscal Year Budget

Why cant we have more affordable "new" housing in Scottsdale? So many of the developers, who are being allowed to build in Scottsdale, are only building homes, condos, lofts, etc that start in the "high" end range. If we keep this up we are going to wind up like Aspen, Colo., where only the "rich and famous" can afford to live here.

Thank you!

Jan Strasburg

10250 E Mountain View #174

Scottsdale, Az 85258

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: MStobin1@aol.com [mailto:MStobin1@aol.com]

Sent: Tuesday, January 18, 2005 10:51 AM

To: budget@scottsdaleAZ.gov

Subject: RE: priorities

Strongly advocate and increase in funds -reflecting an increased effort- in litter clean up. Nothing degrades an area or makes it less inviting than the accumulation of litter. Stuart Tobin 4146 N 86 Place Scottsdale, AZ 85251

-----Original Message-----

From: Kathy Howard [mailto:Kathy.Howard@att.net]

Sent: Saturday, January 22, 2005 8:00 AM

To: Budget@ScottsdaleAZ.gov

Subject: Priorities for the City Budget

Thank you for asking me about my priorities for the City Budget.

The City has done a really great job in preserving the native habitat of the Sonoran Desert in the McDowells. There is no price too high to pay to preserve land in the McDowells -- once it is sold to developers, the land can never be reclaimed. The new trail system is great. I thoroughly enjoyed my hike on the Sunrise Trail. I hope the City will continue to fund land purchases in the McDowells.

The City is doing a good job in moving toward historic designation for 1950s neighborhoods. What about providing more funding in the way of grants and matching funds to support 1950s neighborhoods in revitalization. Supporting and encouraging residents in historic neighborhoods to work on their homes, not only benefits the neighborhood, but the entire City.

The approach the City has taken on the stylish new trend of "traffic calming" needs serious revision. The Transportation Department has stepped into some very deep quicksand stating they have "public support" to do two to three traffic calming projects per year. These projects have very little support from the neighbors. Because the City had a meeting ten years ago regarding a proposed change does not inform current residents of the plan. What is the overall traffic model for Scottsdale? Pushing traffic from neighborhoods onto already clogged major streets seems a recipe for disaster. Public meetings are held to get "input" and then the City goes ahead and does what it planned regardless of whether their own data and resident consensus indicate a need. The City is spending \$9 million to "calm traffic" on Cactus Road. Is Scottsdale trying to compete with Newport Beach -- doing cosmetic surgery to get a certain look? Like avocado shag carpet and tail fins on 1950s cars, in a year or two the "traffic calming" craze will be ineffective and out-of-date. Just take a look at the skid marks at 68th Street and Oak. Please do not spend my tax dollars on road obstacles that are unneeded and unwanted by neighbors. Let's take the millions allocated for that and spend it on preserving the McDowells and restoring 1950s neighborhoods.

Thanks for asking for resident comments.

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Connie@AZ-CC.com [mailto:Connie@AZ-CC.com]

Sent: Friday, January 28, 2005 7:10 PM

To: Budget@ScottsdaleAZ.gov

Subject: Value of The Arts

I agree that Scottsdale Center for the Arts, SMOCA and Public Art are important for our quality of life; for Scottsdale's economy; to help us educate our children and continue our own life-long learning; and our opportunity to come together as a community to celebrate, be entertained, challenged and find comfort.

I hope that the budget will include monies for the Arts.

I also hope that the Cultural Council's submitted \$9.4 million request can be funded through the city's Capital Improvement Program over the next three fiscal years.

C W Cravens
4326 N 69 Pl
Scottsdale AZ 85251

-----Original Message-----

From: Anita Smith [mailto:gadsdenpurchase@yahoo.com]

Sent: Sunday, January 30, 2005 4:37 PM

To: Budget@Scottsdaleaz.gov

Subject: Budget Priorities

The Mayor, City Manager and Transportation Staff have shown a blatant disregard for concerns of neighbors where they plan to install "traffic calming." Actual untruths have been told by staff to neighbors on 96th Street, 104th Street, Cactus Road and Mountain View about the safety of streets and the "Need" for "traffic calming." Many citizens are angry about obstacles placed in the roadway when the city says safety is not an issue. As any one who lives near 68th Street and Oak about how they like what has been done there. And why spend money to make a wide, beautiful street like 96th Street into a narrow road. Our streets are already overloaded. Why make it more difficult to travel on them. None of these decisions are based on logic. The City has too much money in its coffers or these projects would never see the light of day. Stop spending our money on medians, roundabouts and the like that are not needed or wanted by residents who travel the road daily. There are many, many angry citizens who share these opinions. It is time for the City to take note. Stop spending our hard-earned dollars on these fiascos!

Alicia Delgadillo
10256 E. Mission Lane
Scottsdale, AZ 85258

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Bill Howard [mailto:bhoward@nas.edu]

Sent: Sunday, January 30, 2005 5:42 PM

To: Budget@ScottsdaleAZ.gov

Subject: City Budget Priorities

I appreciate your request for comments on Scottsdale's City budget priorities.

Scottsdale has long portrayed itself as the "West's Most Western Town." However it now seems to be veering away from that antecedent. As I listen to our City's leaders, I sense a strong desire to remake Scottsdale to compete with other cities that have chosen to follow the line of thinking proposed by Richard Florida in his book *The Rise of the Creative Class*. The thesis of this work is that the key to future success lies in recasting the city as a playground pandering to the "creative" lifestyle thereby attracting "creative people" who will somehow cause the city to morph into an economic utopia. Other municipalities are rushing into similar face-lifts, so that Scottsdale will be just another locality following the lemming path. Our city's distinctive western nature will disappear. In the long run, Scottsdale will become just another city that succumbed to a fad that left it no longer able to afford to replace the avocado shag carpet it so eagerly installed before times changed.

In the long run, Scottsdale will retain its economic success, not by becoming another theme park, but by being the best place to locate high tech businesses. Yet Scottsdale has long had a strong reputation as a difficult place to do business, despite the hype associated with the Los Arcos / ASU effort -- a long shot project that will take years to impact the main problem Scottsdale faces.

Our city faces the end to the expansion that has fueled local prosperity by providing construction jobs and a steadily increasing the tax base. The industry of expansion, the basis of our past success, is grinding to a halt as we run out of space to build new homes. In response, the kind of development foreseen by our City leaders encourages expansion in service industry employment -- jobs that are relatively low-paid. The economic value of such employment is simply the value of the hours worked, no more. True economic power comes from attracting manufacturing enterprises that multiply their labor costs by value added in products. Manufacturing is a much more powerful economic engine than the service sector can ever be.

Manufacturing enterprises locate where costs of operation are lowest. Fancy projects and glitzy downtown districts do not factor as much into plant location decision as does the ease of doing business. As a former member of the Research Triangle Institute Board of Governors, I watched, over many years, the way North Carolina focused its energy on attracting a strong base of companies to its Research Triangle Park, now a world model for industrial development. It took sustained, difficult work to make it the success it is. In Scottsdale, in contrast, I have seen an attempt to grab at quick "fixes" to future success.

The City has made one very important investment in its future by saving some of the McDowell Mountains from developers. This provides a permanent backdrop for our beautiful environment. But the city is wide of the mark in pursuing the "playground" for the creative class idea. The Internet boom is over; we are now rediscovering that true creation of value lies in customer needs fulfillment. There is no causal connection between attracting "creatives" to spend their leisure time in Scottsdale and company decisions to locate here.

Scottsdale's budget priorities should address the real base of its future prosperity and not a race to keep up with the Newport Beaches. To prosper in the long run, Scottsdale must attract high-end enterprises that

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Emails received at Budget@ScottsdaleAZ.gov

create real value. To me, the loss of the Mayo Hospital to Phoenix was a strong indication of our City's lack of willingness to embrace such a strategy.

Instead, our City is lost in a maze of meaningless, expensive projects to solve faddish non-problems, such as traffic calming. It has elected not to invest in attracting a base for its future prosperity. Unless it does, our City faces the prospect of stagnating as the rising costs of satisfying the demands of its residents put pressure on City income that has topped out as developer-propelled expansion grinds to a halt.

I urge the City of Scottsdale to look more carefully into investments (be they incentives, utilities, efficient transportation or education) that build true growth, to build on its distinctive location, scenery and history to provide distinctiveness, and to reshape itself as the best place to locate company headquarters, manufacturing plants and product development facilities.

I would hate to see a future in which Scottsdale, formerly the West's most Western town, becomes an aging, landlocked bedroom community, unable to afford to maintain its past reputation as the place best place to live and work in the West.

William Howard
10642 East San Salvador
Scottsdale, AZ 85258

-----Original Message-----

From: PhyllisEStern@aol.com [mailto:PhyllisEStern@aol.com]

Sent: Sunday, January 30, 2005 7:47 PM

To: Budget@ScottsdaleAZ.gov

Subject: Support arts in FY 06 budget

To: Scottsdale City Council:

I am writing to applaud your past support of the arts in Scottsdale, and to urge continued arts support for FY 06 and in particular, the \$9.4 million request by the Cultural Council, to be funded over the next three years, for renovation of the Scottsdale Center for the Arts.

The arts are an important part of my life and my family's life, and add tremendously to its quality. The Center, SMOCA and Public Art are an important part of this, and also add to our economy, to help us educate our children and help me and other citizens continue our own life-long learning, and our opportunity to come together as a community to celebrate, be entertained, challenged and find comfort.

Phyllis Stern

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Val Teich [mailto:val4cteich@cox.net]

Sent: Monday, January 31, 2005 7:45 PM

To: budget@scottsdaleaz.gov

Subject: input for city budget

Hi

Thank you for giving me the opportunity to give input regarding the city budget. My husband and I have been small business owners and residents of Scottsdale for about 20 years. We are raising a family here as well. After examining our own family needs as well as speaking to many neighbors and friends in Scottsdale we have come to the conclusion that even though Scottsdale is a beautiful city, it is lacking a few necessities for families.

They are as follows:

Scottsdale needs a large sports complex which would have areas for baseball and soccer tournaments, swimming, skateboarding and other recreational lands. I'm not talking about a small neighborhood park with a few baseball fields. This city has thousands of children playing baseball & soccer and needs the land to support these extremely important teams and pastimes. Not only does it benefit the children playing, it also gives other children a place to go to watch local sports and stay out of trouble. Scottsdale also needs a large, new swimming complex which may or may not be incorporated with the sports complex. Scottsdale hasn't built a new pool in almost 20 years or maybe longer. Scottsdale has grown tremendously and it needs to determine if it will keep up with reputation of being a great place to raise kids or if it will let other cities take the lead. Please send me any or all information that you have regarding what is in the budget or plans for any facilities of this type.

The second note I had was first to ask where the money for overdue library books goes and second, why it does not go directly back to the libraries to fund new books. Thank you for your time. Val Teich, neighborhood leader

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Kim Ballein [mailto:kim.ballein@jfc sarizona.com]

Sent: Tuesday, February 01, 2005 4:11 PM

To: budget@ScottsdaleAZ.gov

Subject: priority for budget

Thank you for this opportunity to email suggestions, I have identified the following community needs:

Need for funding allocated to provide on-site counseling services or create partnerships with community agencies to assist victims of domestic violence and/or sexual assault at the Scottsdale FAC.

Need for funding provided to facilitate free recreational programs for youth such as martial arts classes, horse training/experiences, looking for more restorative and positive community programs to support at-risk youth.

Please feel free to contact me with any questions via email or at 480-994-8477.

Kim Ballein

Clinical Director, JFCS-Scottsdale

-----Original Message-----

From: Michele Cohen [mailto:mbcohen@Prodigy.net]

Sent: Monday, February 07, 2005 3:04 PM

To: budget@ScottsdaleAZ.gov

Subject: City of Scottsdale Budget input

Dear City of Scottsdale Budget Subcommittee Members Ecton, McCullagh and Osterman,

I urge you to consider providing additional staff support for the establishment of an Environmental Department in Scottsdale. Currently, support of environmental issues is dispersed among several departments in the city. The creation of a department would emphasize the importance of the environment and sustainability to our city, allow greater coordination of responsibilities and give a clearer direction to staff.

I would also like to address Green Building support. Green Building activities in Scottsdale are on the rise and require more and more time from existing staff. We have seen an increase in green residential building permits to 15% of total new residential permits over the past year. Green production residential building permits grew to 20% of total production residential permits in 2004. Since residential green building is forecasted to increase in 2005, we will see a need for more support and service in that area.

Commercial projects are also increasing with the Optima Camelview Project, the "W" hotel, and General Dynamics remodel as examples. Staff also provides support to development of city facilities - including the McDowell Senior Center, WestWorld, and the ASUF / Scottsdale Center for Technology and Innovation. These projects will demand a considerable amount of staff time to insure adherence to green standards.

Currently there is 1.5 FTE assigned to Green Building support in our city. Above and beyond the participation in the aforementioned projects, staff activities include interfacing with county and state government, public and internal training and education, and management and planning. There is enough

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

work for three people to support all of our Green Building initiatives and requirements. I am confident that a more detailed investigation with city staff will support these comments.

In summary, it is imperative that we create an Environmental Department with adequate staffing levels to meet the growing needs of our city and to strengthen Scottsdale's position as an environmental leader in Arizona.

Respectfully yours,

Michele Cohen
Chair, Green Building Advisory Committee
Member, Environmental Quality Advisory Board
8027 N Via de Lago
Scottsdale, AZ 85258
480-556-9498

-----Original Message-----

From: Joan Baron [mailto:joanbar@cox.net]
Sent: Wednesday, February 09, 2005 10:38 PM
To: budget@ScottsdaleAZ.gov
Subject:

Dear Budget professionals,

This is a particularly exciting time in Scottsdale's history. New projects, new buildings and individuals educating themselves about sustainability, energy efficiency and various other cost saving measures that they can actively participate in that can reduce monthly expenses. We are seeing a greater response to Green Building programs and workshops and emails have been coming in at a faster pace as are applications for green building permits. I urge you to provide more staff to facilitate this increase in citizen response to these city programs. People are responding. They want to be pro-active and there needs to be experienced city staff to assist them, to answer questions, review drawings, provide resources and network. This all takes far more time than one person can handle to keep up with all the meetings, paper work, attending and speaking at various city meetings and organization invitations to speak, writing articles for publications and so on. The more new projects that we are seeing on the boards, the more we see a necessity for more staff. Scottsdale's historic preservation has recommended that the Green Building Manager also work with them on their current historic neighborhood status report. This makes good sense since owners of these homes will be undoubtedly making improvements to these properties and will be turning to the Green Building program for guidance, advice and recommendations. Again, this will require more meetings, more preparation, documents, etc. We must be prepared to handle this enthusiasm for building with sustainability in mind, when citizens need assistance. Otherwise, the enthusiasm and growth will become a frustrating experience for citizens and city employees. Thank you for your time and consideration in this matter.

Respectfully,
Joan Baron
8325 E. Monte Vista Road
Scottsdale, Az 85257
p: 480-941-5411
c: 602-616-0223
f: 480-946-5434
City of Scottsdale Green Building Advisory Board member

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: jon@jonshouse.com [mailto:jon@jonshouse.com]

Sent: Tuesday, February 22, 2005 12:51 PM

To: budget@scottsdaleaz.gov

Cc: mmanross@scottsdaleaz.gov; bdrake@scottsdaleaz.gov; wecton@scottsdaleaz.gov; jlane@scottsdaleaz.gov; rlittlefield@scottsdaleaz.gov; rmccullagh@scottsdaleaz.gov; kosterman@scottsdaleaz.gov; jdolan@scottsdaleaz.gov; egawf@scottsdaleaz.gov; rklingler@scottsdaleaz.gov; budget@scottsdaleaz.gov

Subject: Budget Input

Several city council members have expressed an interest in exploring the costs of under grounding the 230 kV and 69 kV high voltage lines in South Scottsdale. Part of the discussion is cost. Another part of the discussion is who pays. In areas where under grounding has occurred, some of the costs have been shared by the homeowners attached to the lines. In the case of the Crosscut/South Scottsdale lines, no homes are directly attached as the lines serve a power station.

Those who use the power from this station already pay a monthly 1% city tax on their SRP bills. Myself and others would like the city to explore allocating this revenue back into the same neighborhoods by using it to fund the under grounding project. This would help fund the project without issuing a new tax or levy large fees on property owners (in an area where it's hard to define who would get charged said fees and where many household incomes aren't that high). The city would also benefit economically from improved property values by making the Crosscut canal an attractive gateway and recreational draw.

Let's say the under grounding project costs \$30 Million (using the high range estimates) - the city could take a loan for that amount and use the electricity tax income for payments... kind of like a mortgage. The area's population and use of electricity will only grow, so it's a safe revenue stream to allocate to a specific cause over a long period of time.

Thank You.

Jonathan Evans
480-421-2299

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: jprsh [mailto:jprsh@cox.net]

Sent: Thursday, March 03, 2005 2:17 PM

To: Gawf, Ed; Dolan, Jan; City Council; budget@scottsdaleaz.gov

Subject: City Budget Hearings

To one and all,

I am making a strong plea to urge you to move very strongly during the upcoming budget hearings for an increase in the code enforcement budget and the personnel to make it happen on a year round rather than closer to a once a year or so basis.

Our community needs to make keeping Scottsdale special a real priority and one of the best ways to do so is to enforce the rules we have on a truly regular basis.

Please keep this in mind as the new year's budget debate gets down to business.

Thank you,
Rita Saunders-Hawranek
Scottsdale, Az.

-----Original Message-----

From: jprsh [mailto:jprsh@cox.net]

Sent: Saturday, March 12, 2005 1:06 PM

To: City Council; Dolan, Jan; Gawf, Ed; Keagy, Raun; budget@scottsdaleaz.gov

Subject: A Scottsdale Budget Item Request

Dear Mayor Manross, Members of Council, City Manager & Staff

I sincerely believe that there must be at least 2 new Roving Code Enforcement Officers added to the Code Enforcement Department in the upcoming year's budget.

Clearly the excessive winter rains have brought an over abundance of weeds and other repair problems, such as streets and sidewalks in need of work, that have to be addressed city wide during our tourist season and prior to the start of fire season. Current staff numbers are not up to adequately dealing with the problems we have now.

Additionally, it is long past time to rewrite the city code ordinances so that there are real teeth in terms of timely compliance and real fines and penalties for non-compliance with needed repairs, maintenance, clean up, abandoned vehicles, etc.

As between the carrot and stick approach, current codes are carrot like and there is no stick of compliance penalties to get peoples attention where it counts-in their pocketbooks.

I respectfully request that you consider my suggestions and recommendations on Roving personnel and as an impetus to finally deal with the needed changes to city codes in a timely manner.

Sincerely,
Paul F. Reich
Scottsdale Coalition Board Member

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Linda Eales [mailto:Linda@LindaEales.com]

Sent: Thursday, March 17, 2005 5:33 PM

To: budget@ScottsdaleAZ.gov

Subject: Budget request.

Dear Budget Committee Members,

I am requesting that you review the budget for the Green Building Program to include additional staff, PR and budget support. Anthony Floyd, founder of our acclaimed Green Building Program is a one man department with limited (20 hours a week) staff support. Anthony has created a program that puts Scottsdale at the forefront of environmental news. The program is now in charge of issuing over twenty percent of all residential building permits and with the adoption of the LEED Gold standard for all City projects, Scottsdale will be the first municipality in the country to implement such a visionary standard. LET ME REPEAT MYSELF, SCOTTSDALE WILL BE THE FIRST CITY IN THE COUNTRY TO IMPLEMENT THIS HIGH STANDARD. With the increased visibility of Scottsdale on the national building scene, as well as the additional work load imposed upon the program, there must be a reasonable increase in staffing and budget for this department. At this point if Anthony gets sick, we are in trouble.

To date the program's budget has been supplemented by the volunteer Green Building Advisory Committee holding a Green Building Expo for the last eight years. Last years Expo had public attendance of approximately 4000 people. The income from the Expo has been used to fund educational outreach to the community including the authorship of the Remodeling Guidelines, directed at revitalization for our mature neighborhoods. The Committee has virtually been having a bake sale to fund this program and we are now victims of our own success, by creating a program that has gained national attention.

As a member of the Advisory Committee, I request that the City now step up to the plate, take ownership of this program and give it the attention, funding and staffing it needs to face the spotlight of public and national attention.

Thank you,

Linda Eales

Linda Eales @ Linda Eales Design Associates

7522 East McDonald Drive, Suite C

Scottsdale, Arizona 85250

480-998-1994 office

480-991-8963 fax

ATTACHMENT 7.

Emails received at Budget@ScottsdaleAZ.gov

-----Original Message-----

From: Larry Heath [mailto:lheath@flagstonecapital.net]

Sent: Tuesday, March 29, 2005 4:59 PM

To: budget@ScottsdaleAZ.gov

Subject: Budget observation

I am unable to make the meeting tonight, as I am coaching a Little League baseball game. However, I wish to comment on the budget. There is currently a discrepancy in the level of maintenance provided by the parks department to athletic fields adjacent to area schools. North Scottsdale IGA-related sports fields receive weekly maintenance while south Scottsdale fields receive only quarterly maintenance. I request that the city provide the necessary funds to correct this unnecessary geographic discrepancy. I also request that the city earmark the required staffing and maintenance funds for the development of north Scottsdale parks and libraries approved by voters in the Year 2000 Bond Election.

**City Council Budget Subcommittee
Staff Responses to Subcommittee Questions
April 14, 2005**

Councilman Ecton (Chair)

1. Analyze and make recommendations on responding to false alarms.

The number of alarm calls is steadily decreasing each year due to the false alarm program. During the past six years, alarm calls have decreased 33 percent, while the number of alarmed properties has increased. Less than one percent of alarm calls result in a report of criminal activity.

Two percent of alarm users, representing 810 licensed locations, have five or more activations a year. These alarm abusers represent 11 percent of our total alarm calls. One of the program goals of the Police False Alarm program is to identify and contact alarm abusers and their respective alarm companies to resolve their problems through education and/or equipment repair. The program also offers Alarm Awareness Schools ten times a year for residents and business owners to learn how to prevent false alarm activations.

The City's alarm ordinance, adopted in 1994 and amended in 2001, is undergoing review. Some changes being considered are:

Increasing the base license fee to cover the City's administrative processing costs.

Compressing the service charge structure so that increased charges for alarm abusers will take effect more quickly. The goal is to encourage alarm users to fix their systems quickly and keep them in good repair.

2. There is no funding for power line undergrounding in budget; should more be budgeted? Review of appropriate Council financial policy?

Estimates for undergrounding lines generally range from \$1.9 to \$6.5 million per mile for transmission lines (69kv and 230kv) and \$3.3 to \$7.6 million per square mile for distribution lines (12kv). A 1997 city estimate for undergrounding all 12kv and 69kv lines in the city totaled over \$259 million (\$328 million in today's dollars). This does not include 230kv or the Western Area Power Authority (WAPA) high-voltage transmission lines that form, in part, the boundary for the Environmentally Sensitive Lands Ordinance (ESLO) area in the northern part of the City.

Among the conditions accounting for cost variances are size of lines, difference in terrain, existing right-of-ways, number of service providers, population density, types of utility service, conflicting underground issues, excavation costs, engineering costs, and conflicts with existing infrastructure.

In addition to the cost of undergrounding the main distribution system is the cost to individual property owners for conversion and reconnection to the new underground lines. This individual cost varies widely – from \$500 to \$1,000 or more, in the case of commercial properties. The range results from many of the conditions cited above and from other site-specific variables.

Underground costs can be reduced if work is done in conjunction with improvement districts and other streetscape improvement capital projects such as replacement of pavement or sidewalk. The City has done this type of work in the Downtown area as part of the Waterfront project, and most recently in cooperation with the Town of Paradise Valley as part of the Scottsdale Road widening. The Bond 2000 project for Scottsdale Road Preservation Streetscape Enhancements provides capital budget funding that can be used to address additional undergrounding needs along Scottsdale Road.

Current adopted financial policy concerning funding for undergrounding states: *Pay-as-you-go contributions up to 10% of \$500,000, whichever is less, may be authorized by City Council towards any single utility undergrounding improvement district. Any unused annual budget authorization may carryforward towards a maximum \$2 million appropriation for utility undergrounding capital projects that benefit the community as a whole. Funding for neighborhood undergrounding projects can be authorized by City Council, per adopted financial*

**City Council Budget Subcommittee
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policy, by use of capital contingency upon successful initiation of utility undergrounding improvement district.

3. Requested more emphasis on energy conservation; how should this be undertaken? Additional dedicated position?

Community Services Department has an Energy Management Engineer serving as a Contracts Coordinator in the Facilities Management Division. This staff person administers facility maintenance contracts and addresses energy management by attending external committees, conferences, seminars, legislative tracking and internally working with other City staff/departments, Environmental Quality Advisory Board, Purchasing, and Capital Project Management on various energy savings opportunities. The City has been successful with many energy programs in the past, such as Greenlights (replacement of all interior lighting systems with newer, more energy-efficient systems) and the recently approved standards for gaining LEED certification at the Gold level in all new City facilities and selected facilities remodeling projects.

The latest LEED certification efforts have been achieved through a cooperative effort with Capital Projects, Planning and Development, Financial Services, and Facilities Management. Long-term effectiveness of this program will require a concentrated focus and integration of all the above departments, an initial clear definition of the program and its objectives, implementation of those policies and procedures, measuring results, coordination with other City staff/departments, and developing a cross-departmental comprehensive approach including:

- Procurement for current annual maintenance services and such services required in emergency situations
- Specification and procurement of appropriate energy-efficient equipment (generators, pumps) and facility infrastructure components (HVACs, lighting)
- Energy conservation and efficiency goals and targets
- Efficient energy management and peak usage management (EBOS and EMIS systems)
- Legislative review & lobbying
- Measurements of program results

Current projects that are being pursued that will have long-term energy savings due to the implementation of new technology include:

- Arabian Library (low-water use plumbing fixtures)
- McDowell Mountain Ranch Park and Aquatics Center
- WestWorld restrooms (solar water heating components)
- Senior Center at Granite Reef (energy-efficient plant for HVAC; solar electric generation in cooperation with SRP; LEED Gold certification)
- New lighting fixtures in Fleet Maintenance Shop utilizing skylights with sun tracking systems and energy efficient lighting fixtures
- Several future projects that are likely candidates for using new energy-saving technologies

4. Are community centers staffed adequately (Papago, Arabian, Paiute, Vista del Camino)?

Vista del Camino, Paiute Neighborhood Center, and Via Linda Senior Center will continue programming with the staff currently in place.

The Arabian Citizen Service Center is currently staffed with one person. Plans are being developed for the center for FY 2006/07 with the relocation of the Arabian Library to a standalone facility. Service demand needs for an expanded Arabian Center will be evaluated as part of a future budget process.

The Papago Citizen Service Center is relocating by the end of the calendar year to the new Granite Reef Senior Center. At that time, staff anticipates the need for one additional full-time Citizen Service Specialist to handle the anticipated increase in citizen contacts. This position has not been

**City Council Budget Subcommittee
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included in the proposed FY 2005/06 budget. Staff will monitor service demand once the new center opens and will request an additional position through the FY 2006/07 budget process if anticipated demand bears out. Currently, the Papago Center assists approximately 5,000 citizens annually in the retail center. Staff assigned to that location will move to the new center. However, with citizen contacts at the new senior center, expected to exceed 350,000 contacts annually, it can be assumed that citizen contacts at the Citizen Service Center located there will increase proportionately.

5. Concerned about expertise for traffic solutions – do we have the right expertise? Review citizen input process and relationship between technical recommendations and citizen participation.

The Transportation Department has staff with a variety of expertise, including registered engineers, professionally certified traffic operations engineers, and certified planners with significant and broad experience in public involvement developing transportation solutions, preserving area character, and integrating transportation into land use decisions. In addition, competitive procurements of outside experts are used when necessary. Staff from Communication and Public Affairs (CAPA) provides public involvement support to the Department.

The mission of the Transportation Department reflects the emphasis the City places on citizen participation:

“The Transportation Department works to ensure that Scottsdale neighborhoods, businesses, and visitors are provided an accessible, environmentally sensitive, safe and efficient transportation system. Projects and operations for street, transit, and non-motorized travel are developed in cooperation with the public to promote economic sustainability for the community, preserve and enhance neighborhood quality of life, and ensure seamless connections to the regional network.”

Citizen outreach and information is a critical function of the Transportation Department. As a key facet of corporate culture in the City of Scottsdale, public outreach and involvement has been an important part of planning and project management in the Department. The Department works with a citizen Transportation Commission, which provides oversight and direction about transportation improvements. The Department has had a dedicated Public Information Specialist from CAPA on board in the Department for a number of years. A key performance expectation of Transportation management is effective public contact. Contracts for projects specify tasks for citizen participation that must be undertaken. Information and education about the future projects, and proactive involvement of neighbors is a major function of department staff. Public meetings, City cable programs, press releases, brochures, neighborhood meetings, and other media such as door-to-door distribution are used to ensure that all citizens who wish to participate in project development may, throughout the project life cycle from master planning, through capital programming, all the way through to construction.

The Department has a goal during the current and upcoming fiscal year 2005/06 of improving public information, communication and process. We will be using focus groups and other methods to obtain a clear understanding of concerns and to begin enhancing public outreach further.

6. Requested plan to improve transportation to and from the Airpark area.

The capital budget for fiscal years 2004/05 and 2005/06 contains funding for a Transportation Master Plan that includes an Airpark area circulation study. The Transit plan will also be revised to address regional connections to and from the Airpark on fixed route high capacity transit. Individual projects such as the Airport perimeter road, the Hayden-Cactus to Redfield project, Thunderbird/Redfield-Scottsdale to Hayden project, and improvements to Scottsdale Road in the Stacked 40's area, should improve circulation. In addition, Intelligent Transportation System enhancements in the area that are already programmed should maximize the capacity of existing streets.

**City Council Budget Subcommittee
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7. Requested preliminary plan for where new patrol officers are going to be deployed.

The proposed FY 2005/06 budget includes 27 patrol deployment positions – four sergeants, 16 patrol officers, and seven police aides. Their planned assignments are based on today's workload volumes, time/distance of travel, beat size, and our ability to respond to emergency calls.

Four Sergeants: Currently, District One sergeants have a span of control of 11 employees. The four sergeant positions will reduce the span of control to 6 employees per supervisor. This more manageable workload distribution will help improve police presence during peak work hours, thus providing better-directed coverage of the residential areas.

Seven Police Aides: Police aides will be responsible for crime and traffic reports, thereby allowing police officers in all Districts to spend time proactively addressing neighborhood issues. Their planned assignments are:

- Four police aides assigned Downtown in District One. The Downtown area currently does not have assigned police aides.
- One police aide for District One.
- Two police aides assigned to District Three.

Sixteen Officers: The City is divided into three Police Districts. Each district is separated into police beats with 20 beats citywide. A beat is a designated area based on calls for service and natural barriers such as major streets and canals. The proposed positions will allow for all Districts to have enough officers to staff each beat. When a beat is not staffed, the surrounding beat officers have more geographic area to patrol, resulting in longer response times and less available time for proactive patrol. The Downtown patrol coverage in District One received 13 authorized positions in FY 2004/05.

The planned assignments for the FY 2005/06 positions are:

- Two officers assigned to District One
- Six officers assigned to District Two
- Eight officers assigned to District Three

8. Police Internal Affairs cases are going up. Why? Is there a plan to address this?

The Police Department is experiencing a ten percent increase in Internal Affairs cases (125 cases in FY 2004/05 to 138 cases in FY 2005/06) from both external citizen complaints and internally generated complaints. The majority are internal cases, such as missed court, missed training, and tardiness. The upward trend can be attributed to department employee growth and our increased focus on accountability issues. Cases involving accountability issues are now counted as Internal Affairs cases, which they may not have been in previous years. The Police Department has one additional Internal Affairs sergeant position included in the FY 2005/06 proposed budget to address the increasing workload and to improve the timeliness of investigations. The Police Department also is purchasing an early warning software system using Racketeering Influenced Corrupt Organizations (RICO) funds. The software will assist in identifying behavioral trends of police employees, allowing a prompter intervention to occur more quickly. The proposed position will assist with the input and analysis for the system.

9. Requested plan for addressing safety on the Loop 101 if there is no photo enforcement.

The Police Department will provide occasional selected enforcement details on the Loop 101, based on community safety needs. The Department of Public Safety (DPS) continues to have primary enforcement responsibility of the freeway. Our goal is to balance our efforts while ensuring DPS does not reduce their enforcement.

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10. Is the security at the airport adequate?

Response From Chief Rodbell:

Airport security requires continuous diligence and monitoring. The level of security provided by the Police Department is predicated upon intelligence and threat assessments provided by local and national agencies. The Scottsdale Police Department has undertaken the following steps to enhance security at the Scottsdale Airport:

Assigned a Federal United States Customs agent to the airport working on-site five days a week and available for callouts as needed. One of our narcotics detectives serves as his liaison with the Police Department.

A District Three police lieutenant was appointed as an airport liaison starting in 2003 to ensure efficient communication between police and airport personnel.

An Airport Watch crime prevention program was initiated in 2004.

A police beat office is located in the main terminal.

A marked police vehicle is parked on airport property from approximately 5:00pm to 7:00am Monday through Friday and all day Saturday and Sunday to serve as a crime deterrent.

All District Three supervisors and beat officers were provided annual airport familiarization training in March 2005.

The District Three Commander is a member of the Airport Security Committee.

Response From Mary O'Connor:

Chief Rodbell's response to this issue addressed the adequacy of airport security from the Police Department's perspective. From the Transportation perspective, Airport security has been enhanced since 9/11 through technological innovations such as security camera surveillance and security gates, as well as changes in Airport staff deployment and use.

Since 9/11, airport safety and security has been a major concern to not only Aviation staff, but also to tenants, citizens, users, and Airport Commission and City Council members. The Airport has installed a modern security surveillance system that incorporates Closed Circuit TV cameras that must be monitored by qualified aviation professionals. Operational duties of aviation staff have grown to include airfield inspections, patrols, rules and regulations enforcement, transient landing fee administration, and emergency response. Safety and security duties include monitoring security cameras, monitoring the airfield access control system, visual identification of landings, and issuance of tiedown/driver/vehicle permits.

11. How do we work with the SRPMIC to clean up the area between Pima Road and the Loop 101?

The area between Pima Road and the Loop 101 is owned and managed by the Salt River Pima Maricopa Indian Community who are responsible for the cleanup. However, we have been developing cooperative relationships with the community. Last fall and summer the City contracted with the County Sheriff's office and the Arizona Department of Transportation to use the County jail chain gang to perform cleanups. We are continuing to communicate with the SRPMIC managers to assist in their efforts to cleanup the area.

12. Requested plan for addressing parking shortages at Mustang Library.

A CIP project request was submitted for FY 04/05 to add new staff parking on the south side of the building. This request was amended to provide more parking spaces for patrons on the northwest side of the building where the existing book drop island and concrete plaza area is. This

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amended CIP request is in the proposed FY 05/06 CIP budget. It includes the relocation of the book drop to a new location adjacent to an expansion of the library just east of the existing entrance. This project, if approved in the budget, will be implemented over the next three fiscal years.

To immediately alleviate some of the parking crunch attributed to hospital staff and visitor parking taking place in the library parking lot, a new decorative wrought iron fence will be constructed along the north property line of the Library (common with the south property line of the hospital) to discourage crossover. This fence is being designed and constructed with the concurrence of the hospital administration. This is a stopgap measure until additional funding can be authorized.

The Transportation/Transit staff is also performing parking lot observations and conducting a park-and-ride study of the area that includes coordinating access and possible signals connecting the existing major retail area east of 90th Street, the hospital, and the library. This study will address the parking and transit issues in a larger scope than dealing with those issues in a piecemeal (one parking lot at a time) manner.”

13. Supports hiring an ADA person – important to continue towards compliance.

An ADA Coordinator position (1.00 FTE) is proposed in the FY 2005/06 budget.

14. What’s the plan for the protection of preserve land?

The adopted FY 2004/05 budget includes eight police positions in the Park and Preserve program through the Public Safety Tax to provide pro-active police services to City parks and the McDowell Sonoran Preserve. This unit consists of one sergeant and seven officers, with equipment ranging from bicycles, ATVs and 4x4 trucks. One of the positions is a mounted officer to augment the existing Mounted Unit, which also will supplement pro-active patrol and search and rescue efforts in the Preserve. Officers have been hired and are in varying stages of training, with their deployment to the program scheduled next fiscal year.

The unit will collaborate closely with the City’s Parks Division and the Preservation Division to provide police service, help with community awareness and education, and support the McDowell Sonoran Land Trust stewardship program. Several meetings have already occurred to facilitate policy development for the new police unit; develop processes, procedures and ensure effective coordination among all parties; and examine public safety radio communications needs in the Preserve.

Police officers will undergo cross training to enforce off-road vehicle enforcement, Preserve-related City ordinances and environmental concerns, and to learn about Preserve issues and its geographic character.

Existing police resources, such as the Mounted Unit and patrol officers working across the City, will continue to respond to calls for service in the parks and Preserve, as well as pro-active patrol and community outreach efforts in partnership with the parks, Preserve staff, and stewards. Certified stewards will be the eyes and ears of the Preserve. Procedures have been put in place on how stewards are to interact with Preserve users and how to report problems. Their reporting structure is to the Preserve Manager, or directly to the Police Department, depending on the nature of the issue.

15. Requested information on the legal use of primary and secondary property taxes.

The City’s property tax rate is ultimately determined by a number of factors, principally: property assessed value (AV) growth, legislative limitations, and general obligation (voter approved) debt. Financial Services takes into consideration recent property valuation growth (9 percent citywide average), estimates future AV change, and includes reduction (paydown) of existing debt and the structure and planned issuance of new bonds. The property tax is also divided into primary tax (statutorily limited to 2 percent growth) for general operating expenses of the City, and secondary

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tax (unlimited growth, but restricted for general obligation bond debt service only as approved by voters).

The current budget proposal considers all of these factors and provides sufficient tax revenues to fund the proposed operating and debt service budgets. Our current estimate is for the City tax rate to decrease by approximately .03 cents from \$1.07 to \$1.04 per \$100 AV (this would result in the City's portion of a property tax bill being \$260.00 annually for a home valued at \$250,000). The actual tax impact upon residents and businesses will vary to a lesser or greater degree depending on their specific properties AV change.

Maintaining the current tax rate will provide approximately \$1.5 million of additional secondary tax revenue to the City annually. However, that revenue could be used only to pay debt service, since the City is already at our legislative limitation for primary tax, which could be used for other general operating purposes. The added revenue could be used to shorten bond debt duration, or maintain our debt service reserve until a bond call provision could be exercised.

After carefully considering all of the factors involved, as well as the overlapping property tax burden from the school districts and county, Financial Services does not recommend maintaining the tax rate at current levels. Doing so with our current AV growth and with current debt service plans would result in excess debt service reserve and increased property taxes to property owners. Maintaining the tax rate will effectively tax current property owners more today, rather than over time, (and as needed to meet current debt service needs) and would lessen the multi-generational advantage of debt issuances to fund major capital projects over time.

Councilman McCullagh

1. Supported public safety positions, questioned need for additional FTEs in other areas.

The following is a summary of the total General Fund positions added in FY 2004/05 and proposed in FY 2005/06.

FY	Total General Fund Positions Added at time of Budget Adoption	Total Public Safety Positions	Total Non-Public Safety Positions
2004/05	65	57 (a)	8
2005/06	119	46	73 (b)

- (a) This General Fund number includes 44 Police positions and 13 positions related to the Fire transition.
- (b) This General Fund number includes:
 - i. 43 positions needed to staff and support voter approved Bond 2000 capital projects, which open during FY 2005/06.
 - ii. 19 positions to support the Original Scottsdale and Downtown revitalization and quality of life efforts currently being performed either by contract workers (i.e., the fiscal impact of contract workers to City staff is nominal) and/or redeployed City staff. After considering these staff additions to address these high priority areas.
 - iii. 11 non-public safety positions are proposed to provide essential support needed to maintain the current levels of high quality services expected by citizens.

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2. Requested whitepaper/legal advice regarding defined benefit/defined contribution retirement plans.

Being provided under separate cover.

3. Change distribution of health care premiums? Requested avg. benefit premiums for other cities.

Supplementary Information on Health Care Contribution Rates

This supplementary information is provided in response to a request from the Council Budget Sub-Committee for additional information on health care contribution rates.

As summarized in the March 22nd Council Report on benefit contribution rates, the total premium costs for the City's two main health plans are generally lower than total premium costs for similar plans among private and public employers, as reported in national survey findings in the 2004 Kaiser Foundation Report. The March 22nd Council Report also noted that in comparison with major valley cities, Scottsdale's total premium costs are among the lowest, which means that both the City's and employee's premium costs are low when compared to local cities.

A comparison of Scottsdale's employer and employee share of monthly health care premiums was made to other valley cities. While Scottsdale's employer expenditures per capita for medical and dental premiums is second lowest and well below the six valley city average, the City's employer percentage share of the medical premium is consistently higher than the average of other valley cities and often the highest. The City's overall percentage share for dependent coverage was approximately 85% based on actual enrollments as of December 31, 2004. This is different than the City's percentage share of health premiums (as noted in the table below), because each of the tiers of coverage include an employee portion. The City's percentage share of the premium for each tier of coverage, which does not equate to the City's share of dependent coverage, is as follows:

Plan Type	Employee	Employee/ Child(ren)	Employee/ Spouse	Employee/ Family
PPO	94%	92%	90%	86%
HMO/EPO	100%	95%	93%	91%
Basic/Catastrophic	100%	100%	100%	100%

Regarding the City's current enrollment of 1,978 benefited employees, 1,241 or 63% have chosen some level of dependent health insurance coverage. Of those employees who currently have dependent coverage, 30% are in the Police Department and 17% are in Community Services, the two largest departments in the organization.

An analysis of the percentage of employer and employee share of the medical premiums is only a part of the total fiscal impact related to paying for medical expenses. Plan design changes were made as part of the implementation of the self-funded health benefits, effective January 1, 2004. These plan design changes were initiated to reflect trends in medical fees for various services and to provide incentives for plan members to take steps to stay healthy and to manage health care costs. These changes resulted in increased costs to the plan members, including increases in "co-pays" for office visits (with an extra charge for specialists), urgent care visits, out-patient surgery, in-patient hospitalization, and prescription co-insurance; plus increases in the deductibles for the PPO plan. This type of cost sharing through "user fees" is recognized as an effective way to encourage wise consumer spending and to avoid claim costs that would otherwise be paid by the employer's self-insurance fund.

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	Prior to 2004	Jan. 2004	\$\$ Change	% Change
HMO/EPO Medical Plan				
		\$15 PCP \$25 Specialist	\$5 \$15	50% 150%
Office Visit	\$10 \$10			
Urgent Care	\$25	\$50	\$25	100%
Out-Patient Surgery	\$0	\$100	\$100	N/A
In-Patient Hosp.	\$0	\$150	\$150	N/A
PPO Medical Plan				
Deductible:				
In-network/individual	\$250	\$350	\$100	40%
In-network/family	\$500	\$700	\$200	40%
Out-of-network/individual	N/A	\$700	\$700	N/A
Out-of-network/family	N/A	\$1,400	\$1,400	N/A

4. Concerned about EMS Service and how it should be provided.

Emergency ambulance services are provided to the City by the Rural/Metro Corporation through an exclusive provider agreement approved by the City Council in 2002 that runs through June 2007. Emergency Medical Services (EMS) are part of an integrated fire protection and pre-hospital care system that was implemented in 1993. Firefighters/paramedics are assigned to all in service engine, ladder, and ambulance companies that serve the community.

As a result of the expiration of the fire protection contract between the City and Rural/Metro on June 30, 2005, the pre-hospital system will change in the following ways:

1. Staffing on the seven ambulances that currently serve the community will change from one firefighter/paramedic and one firefighter/EMT, to one paramedic and one EMT.
2. Ambulances will be reassigned from Scottsdale fire stations to privately leased locations throughout the City.
3. Response performance requirements for ambulances responding to locations in the City contained within the existing agreement will need clarification.

At a City Council study session in January 2005, the City Council directed staff to secure the services of an EMS expert to assist the City in conducting an open, competitive process for emergency ambulance transportation services. Staff recommended to the Council that an open competitive RFP process be used because the ambulance contract has not been through a bid for more than 13 years. Staff was directed to notify the current exclusive provider of our intent to terminate our existing agreement and to negotiate revisions to the ambulance contract for the interim period between July 1, 2005 and the implementation of the new exclusive provider agreement.

Since receiving direction from Council, staff has conducted a formal RFP process to secure the assistance of an expert EMS consultant to assist the City in this project. Staff will recommend that Council approve a contract for these services at their regular City Council meeting on April 19, 2005. Staff has also been working with the current provider to negotiate an interim short-term agreement for ambulance services for Council consideration before the end of FY 2004/05. Additionally, staff is preparing a project schedule for the competitive bidding process. As soon as it is confirmed that a new ambulance system can be implemented within the timeframe of the termination clause, staff will formally notify Rural/Metro of the City's intent to terminate the existing agreement before the expiration date.

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5. City Attorney's Office Staffing Levels – Requested operational audit.

If the Council desires a performance audit, we can prepare a Request for Proposals (RFP) for the Council's consideration sometime after the Council's summer break. The Council should realize that of the 27 attorneys in the office, thirteen are prosecutors, two of which were added with the Council's approval of the addition of the fifth courtroom mid-budget of this fiscal year. Of the fourteen attorneys on the civil side, the size of the attorney and support staff is driven by the Council's desire a number of years back to take on more litigation in-house. While the City is smaller than Glendale, it has more than two times the number of law suits per capita than Glendale, and almost three times the number of law suits per capita than the City of Phoenix, a city 6.5 times our size. Yet the number of law suits per attorney remains comparable to both of those cities.

6. Fund Preservation operations out of Preserve Tax – Not General Fund.

The proposition approved by voters in 1995 that established the 0.2 percent tax only provides for proceeds from the tax to be used for land acquisition. The proposition approved by voters in 2004 that established the 0.15 percent tax provides for proceeds from the tax to be used for land acquisition and for capital expenditures for Preserve improvements. Neither proposition allowed the city to use proceeds from the associated tax for Preserve operational expenses.

Operational expenses relate to ensuring the city is a good steward of the land it owns and State Land in the planned Preserve boundary, and that areas of public access and use remain in a clean, safe and environmentally sound condition. Activities include trail and access area management, maintenance and clean-up; installation of Preserve signage, gates and barriers to protect the natural environment and to encourage the appropriate use of the Preserve; and re-vegetation and other restoration programs such as obliterating old jeep roads and restoring other damaged areas to enhance the physical environment and the sustainability of the Preserve resource. Many projects are performed in partnership with the McDowell Sonoran Land Trust.

7. CAPA Newsletter.

Communications and Public Affairs has made a request for \$102,000 in FY 2005/06 for a semiannual community newsletter that would be distributed to about 120,000 residential and commercial addresses in the City. The reasons behind the request are:

- The need for a communications vehicle that reaches all homes and businesses (utility bills currently do not reach about 30,000 addresses).
- Citizens' preferences for printed materials for City information.
- Currently, more than 5,000 customers are paying their utility bills on-line and do not receive a printed bill. This trend will continue and fewer utility bill customers will receive printed newsletters. A newsletter mailed Citywide is one way to help fill this increasing gap in communications tools.

The request is not for a glossy magazine, but a more basic, eight-page newsletter that includes information relevant to all citizens on topics such as code enforcement, crime prevention, traffic safety, and water conservation.

8. Re-flying city for aerial maps; justification for every two years.

One of the most commonly used layers in the City's Geographic Information System (GIS) is aerial photography. Aerial photography has been a part of the GIS system since the early 1990s. Photos were obtained in 1993, 1999, 2000, 2001, and 2003. The cost of purchasing new photography is significant due to the level of detail required by the City and the level of skill

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required by the contractor to complete the work. Nevertheless, there are users in the City who find current aerial photography to be an irreplaceable asset in performing their job including:

City Council, Boards & Commissions – View approximately 1,100 aerials per year.

- Information Systems – Uses the aerials to provide Census verification. In 1995, this resulted in \$9 million of additional revenue for the City over a five-year period. The next census will rely 100 percent on Scottsdale GIS data, especially the aerials (counting rooftops).
- Planning and Development Services Department – Reviewed over 8,000 plans and issued 14,000 building permits during the last year. Aerial photography was used as a technical review tool for 90-95 percent of those plans and permits. Developers are required to submit aerials as part of the pre-application submittal packet.
- Police Department – Uses the aerials for SWAT callouts, studying an area before serving search warrants, dealing with barricaded situations, etc. This is an officer safety and operation safety issue.
- Fire Department – The aerials are beneficial for the mapping of Fire pre-plans showing layout of the building that is digitized off the aerial photo and for staff to add auxiliary layers such as hydrant location, chemical rooms, entry doors, apartment condo number layout, etc. The aerials also help firefighters locate calls when dispatched to multi-family units directly. A few more possible uses include search and rescue missions in the preserve/mountains and wildfire planning.
- Tax Audit – Uses aerials to document lot splits, site development, new construction, additions, guesthouses, pools, etc. In the last two months, \$11,500 has been recovered in taxes due to this tool.

A partial update of the aerials has been suggested and the City would only purchase new aerial photography for recently developed areas. This solution is not supported by staff because the cost reduction is not proportional. The contracted aerial photo agency would still have to incur the same costs for aircraft and project setup. The City would expend 70-75 percent of the cost to re-fly 50 percent of the city. Finally, the question was asked why the cost of the aerials is in the GIS/Information Systems budget if we do not derive primary benefit. The GIS cost center is identified as an indirect cost center when calculating the indirect rate, and thus is included as part of the City's overall overhead rate that gets charged to the Enterprise Funds. Thus, the cost of the aerials is allocated to other City cost centers.

9. What is/has been the city's per capita cost of services?

FY	General Fund Adopted/ Proposed Department Budgets	General Fund Adopted/ Proposed Debt Service	General Fund Adopted/ Proposed Total	Population	Preliminary Per Capita Cost	CPI Adjustment	Adjusted Per Capita Cost
2002/03	\$170,432,927	\$14,081,179	\$184,514,106	218,940	\$842.76	178.2	\$472.93
2003/04	\$172,582,456	\$11,481,801	\$184,064,257	222,880	\$825.84	182.1	\$453.51
2004/05	\$185,469,183	\$12,113,964	\$197,583,147	226,430	\$872.60 *	186.1	\$468.89 *
2005/06	\$210,831,246	\$9,073,715	\$219,904,961	230,270	\$954.99 *	192.5	\$496.10 *

* Includes enhanced public safety service costs (police/fire/code enforcement) funded by the voter approved Public Safety Sales Tax increase in May 2004.

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10. How does this budget address the subcommittee's recommendations from last year?

All of the Subcommittee's "*Specific Recommended Changes*" were addressed in the FY 2004/05 budget adopted by City Council in June 2004. The "*General Recommendations*", which address emerging issues, were addressed as follows in the proposed FY 2005/06 budget:

1. In-House Legal Staffing.
The current practice is to hire outside counsel in four situations: 1.) In areas where specialized expertise is required; 2.) In high dollar, document intensive, or long-term cases; 3.) Where unusually high work demands exceed capacity of in-house attorneys; and 4.) Where requested to do so by the City Council. In the specialized areas of condemnation, human resources, and land use, the City Attorney's Office has in-house attorneys with many years of experience in each specialty.
2. Revitalization of southern neighborhoods and commercial areas.
The proposed budget includes 24 new staff positions to continue the revitalization efforts in Original Scottsdale and Downtown that are currently provided by contract workers and/or redeployed City staff. The proposed 24 positions include staff for code enforcement (3), downtown maintenance (5), Original Scottsdale maintenance and landscape (7), irrigation and hardscape maintenance (1), alley maintenance (6), street cleaning (1) and brush collection (1).

Below are examples of notable capital projects where funding was added in FY 2004/05 or included in the proposed FY 2005/06 budget:

- ASU/Scottsdale Center For New Technology and Innovation Improvements
 - ASU/Scottsdale Center Transit Passenger Facility
 - Civic Center Garage
 - Civic Center Mall West Restroom Renovation
 - Cross Cut Canal Path Extension Project
 - Downtown Electrical Upgrades
 - Downtown Facade Program
 - Downtown Lighting Improvements
 - Downtown Parking Program Enhancements
 - Downtown Restrooms
 - Downtown Streetscape Enhancement Fund
 - Indian School – Drinkwater to Pima Freeway
 - Loloma District Plaza
 - Loloma District Public Parking Garage
 - McDowell Road Bicycle and Pedestrian Improvements
 - Neighborhood Revitalization
 - North Marshall Way Garage
 - Replace Downtown Crosswalks
 - Scottsdale Center for the Performing Arts Improvements and Facility Upgrades
 - Scottsdale Center for the Performing Arts Renovation
 - South Canal Bank Public Parking Garage
 - Thomas Road Bicycle Lanes and Enhanced Sidewalks
3. Needs of aging population.
In response to the needs of the City's aging population, the FY 2005/06 budget includes additional operational funding of \$174,372 and additional staffing of 5.85 FTEs for replacing the Civic Center Senior Center with the new McDowell Village Senior Center. The new senior center will be located near the two census tracts in the City with the largest number of persons over the age of 60, and two-thirds of all persons over the age of 75 – the group most in need of services. Additionally, because the new center will be located in a residential

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neighborhood, we expect a daily increase in use due to its proximity alone. Furthermore, there are 200+ senior apartments being built on the McDowell Village Site adjacent to the new senior center. The added positions, contractual, and commodity expenditures are needed to operate the new facility, which is almost twice the size of the current Civic Center location.

Other ways the City is addressing the aging population include:

- Opened a small senior center at Paiute neighborhood center.
- Offering a senior lunch program once a week and a senior sewing group at Vista del Camino.
- Staff actively participates in the Maricopa Association of Governments' (MAG) Human Services Technical Committee re. Aging and the MAG Elderly Transportation Committee, which includes a cab voucher system and Dial-A-Ride.
- The City is an active participant in Senior Olympics and Senior Softball.
- Staff annually updates the Human Services' 5-year plan that is referenced in the City's general plan. This report has a section pertaining to the location and needs of the City's aging population. The report is used by various agencies during the Request For Proposal process, where agencies request funding to providing services to the aging population in Scottsdale
- In the spring of 2005, the City implemented a "pilot" intergenerational program where teenagers assist eligible senior citizen homeowners with the maintenance and upkeep of their homes. No new staff was added to perform this pilot program. The program is funded with a small portion of the one-time, \$2.0 million capital budget set-aside by Council from the FY 2003/04 year-end fund balance to address neighborhood revitalization south of Camelback Road. The proposed budget recommends carrying forward any unspent funds into FY 2005/06 to continue the pilot program.

4. Trash and brush pick-up.

The budget proposes the addition of 24 positions (16 General Fund, seven HURF and one Solid Waste) to address the revitalization of Original Scottsdale and the Downtown. The majority of the revitalization work, which includes trash and brush pick-up, is currently being preformed by contract workers and/or redeployed City staff. The conversion of the contract workers will have a nominal fiscal impact.

Besides the concentrated clean-up efforts in Downtown and the southern parts of the City, the FY 2005/06 budget also includes additional funding of \$60,996 and additional staffing of 3.00 FTE to address residential solid waste and brush collection. The service levels provided are in compliance with Arizona Department of Environmental Quality Statutes, established in the City Code and approved by the City Council.

The City's Field Services division responds 24/7 to reports of debris on roadways with an on-call Emergency Response Team. These employees also respond to other street emergencies, such as downed trees and limbs, debris from vehicle accidents, and downed signs. Routine litter pickup along arterial streets is provided through Community Services department programs.

5. Code Enforcement.

In FY 2004/05, 4.0 FTE Code Enforcement Inspector positions were added to focus on a recently expanded Code Enforcement jurisdiction, including enforcement of Solid Waste, Housing and Front Yard Parking Ordinances, and an aggressive program focusing on commercial business and sign issues.

The proposed FY 2005/06 budget includes 2.0 FTE Code Enforcement Inspector positions to focus on pro-active enforcement by utilizing systematic "sweeps" of neighborhoods to address property maintenance and zoning issues.

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The proposed FY 2005/06 budget also includes 1.0 FTE Code Enforcement Specialist position to assist in performing administrative and enforcement duties in the Neighborhood Services Division.

6. Mail-in ballot election funding.

No specific funding is included in the proposed FY 2005/06 budget for mail-in ballot elections. If City Council desires, they may add funding to the budget for mail-in ballots before adoption, or after budget adoption they may use contingency to fund the program. In September 2004, Carolyn Jagger, City Clerk, presented the Mayor and City Council with a white paper that provided a detailed review of the voting process, benchmarking, staff analysis, budget considerations, and options for the Council to consider. Again, after further consideration of this matter, Council may add funding before budget adoption.

7. Recruitment and retention of signature events.

Staff proposes to address this recommendation in FY 2005/06 with the addition of an Event Services Development Manager in the Economic Vitality department. This position will be responsible for the retention and expansion of bed-tax funded events and major community events. Key responsibilities and oversight will include serving as the City's "point of contact" for all appropriate areas of operational and municipal services support, City venue marketing, and event sponsorship.

8. Fire Transition.

As of the end of March the fire transition budget, adopted at \$5.8M, had \$3.2M in outstanding purchase orders and had expended and transferred \$2.2M. The total remaining budget was \$400K. The remaining balance will be encumbered and used to purchase uniforms and protective clothing, equipment for the fire apparatus, and additional software licensing fees for the scheduling/timekeeping system for the Department.

Transitional staffing expenditures equaled \$345K. The transitional staffing expenditures (salaries, related commodities and professional services) are being paid from the General Fund contingency budget approved by council on September 7, 2004 in the amount of \$560K as well as contractual savings.

The Financial Services staff will provide City Council with a full accounting of the Fire transaction costs after the City's June 30, 2005 annual financial audit by the independent public accountants is completed. It is anticipated the information will be available for Council to review by mid-October 2005.

9. Scottsdale Cultural Council Budget.

The Scottsdale Cultural Council (SCC) adjusted their budget calendar this year in order to accommodate City Council's request to review the SCC's budget before allocating full funding of the annual contract. The SCC's proposed FY 2005/06 budget will be released to the Board of Trustees and the public at 4:00 p.m. on April 26, 2005. A draft copy of the budget will be forwarded to Council for their review the following day.

10. Sponsorship and event-surcharges.

Per City Council approval, the City implemented an event surcharge at WestWorld in FY 2004/05 to provide supplemental funding to finance capital improvements and to offset annual debt service costs and General Fund burden related to bond issuance.

The proposed addition in FY 2005/06 of an Event Services Development Manager in the Economic Vitality department will include City venue marketing and event sponsorship.

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11. Should we be placing more funds from budget surplus in reserve?

One of the key components of the City's financial planning is re-assessment of all fund reserves and the adequacy of such reserves for the foreseeable future (multi-year planning). Financial Services uses a "Pay Yourself First" philosophy that ensures that Scottsdale's fiscal integrity is preserved and is sustainable – we make sure that infrastructure "lifecycle" or repair/replacement capital needs are funded and all reserves are addressed early in the budget process, rather than as the last decision. The National Advisory Council on State and Local Budgeting promulgates both strategies as recommended budget practices, and both are universally applauded by the credit rating industry.

The proposed FY 2005/06 budget incorporates these strategies by:

- First addressing infrastructure maintenance project funding based on lifecycle analysis and providing funds transfer (\$3.2M) to capital projects to support these ongoing efforts (i.e., computer network upgrades/replacement, major building maintenance – roofing, HVAC, electrical, paint, playground & park equipment replacement, etc.).
- Next, we evaluate the multi-year capital project funding need (not addressed by lifecycle projects above), particularly those projects that do not have a dedicated funding source. The proposed budget recommends a sizeable transfer (\$25M) of current year and next year "surplus" to provide funding for these projects (i.e., ASU Technology Center infrastructure, Spring Training facilities not covered by Sport & Tourism Authority contribution, Westworld infrastructure improvements, Fire stations, Downtown parking, Center for the Arts renovation and a variety of technology and automation projects). Another adopted financial policy also addresses seeking an appropriate balance of cash (pay-as-you-go) together with debt financing to fund capital infrastructure projects. The combination funding, (much like using a down payment together with financing for a car/home), preserves funding flexibility by limiting total debt, while also gaining the advantage of debt leverage to address projects today and the multi-generational aspect of debt repayment over time. Again, this practice of cash "surplus" transfers to supplement debt financing is a very favorable fiscal practice and key to Scottsdale's AAA credit rating.
- Reserves have been established for all major funds (General, Solid Waste, Water/Sewer, Airport, Debt Service, Fleet and Risk Management) as recommended by Financial Services and annually adopted by Council as part of the City's Comprehensive Financial Policies. All major fund reserves are evaluated as part of the annual budget process to determine if they meet adopted financial policies and whether adjustment is recommended for the proposed budget year as well as the ability to maintain these reserves for the foreseeable future (balanced, sustainable financial plan. The proposed FY 2005/06 budget includes incremental reserve adjustments and meets adopted financial policies. Notable adjustments to reserves include:
 1. General Fund reserve has been incrementally increased (\$3.4M) to adjust for the new Public Safety Tax and corresponding increased expenditures.
 2. Water/Sewer reserves are increased (\$4.5M) to adjust for increased operational expenditures and to meet bond indenture requirements for capital replacement reserve.
 3. Risk Management reserve remains stable, but does reflect public safety tax contribution related to Fire Department staffing addition (for property, casualty and benefit reserves).
 4. In addition to the above, the proposed budget also includes an operating contingency of \$2.7M and capital contingency of \$4.5M.

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The only further reserve change Financial Services would recommend would be to set (as a multi-year goal) to use future surpluses and incrementally increase the General Fund Reserve from the current ten percent of expenditures to 15 percent. As the City grows and overall operational service expenditures increase, the need for larger “emergency funds” also increases. A larger reserve would also provide a greater contingency to guard against the added threat of terrorism against public facilities. The Government Finance Officers Association recommends General Fund reserves “be not less than 5 percent to 15 percent of operating revenues, or of no less than one to two months of regular operating expenditures”. Scottsdale’s current reserve is currently set by policy at ten percent and equates to approximately 1.6 months of operating expenditures. The increased reserve (goal) could be achieved by marginal additions each year using surplus revenues over budget.

12. What would be the estimated cost of adding a charter officer Treasurer position into the budget?

Seven Valley cities (Gilbert, Peoria, Chandler, Tempe, Mesa, Glendale, and Phoenix) were surveyed for information regarding base salaries and total compensation for the position of City Treasurer. Only two of the seven Valley cities surveyed (Peoria and Phoenix) have a City Treasurer position and those positions are not charter officers (Treasurer reports to the city’s Chief Financial Officer or Assistant Finance Director, rather than to City Council). The other five of the seven Valley cities surveyed combine the treasurer function with another financial services position within the organization.

Human Resources surveyed the two Valley cities (Peoria and Phoenix) that have a City Treasurer position. The external compensation survey data suggests an annual base salary of \$98,066 plus benefits. The annual budget cost of this position including base salary plus benefits and supplies would be \$141,463. Onetime costs for office equipment, computer, and associated materials would be approximately \$8,934.

The Association of Public Treasurers (APT) of the United States and Canada lists the following core responsibility areas for public treasury: Cash Management; Banking Services; Investment Policies and Practices; Debt Management; Internal Controls; Pension and Benefits Administration; Automation & Technology; Cash Handling; Revenue Collections; and New Revenue Sources. All of these *treasury* functions (with the exception of pensions, which are administered by the State) are currently integrated functions within the City’s Financial Services department. Aspects of the various treasury activities are administered by a number of staff members in several work units and are coordinated under the direction of the Financial Services department General Manager, Craig Clifford, who is also a Certified Municipal Finance Administrator, by the APT.

13. What expenses for the current year and for the next year were funded out of the public safety tax?

Scottsdale taxpayers successfully passed the public safety tax in May 2004, with implementation effective July (August first receipt, for 11 months initial year revenue). The current year budget adopted by City Council includes the following appropriations to be funded by the new tax:

Police	Traffic Enforcement	\$779,426
	District 1 Patrol	1,278,310
	Vice Enforcement	190,666
	Computer Crime Investigation	721,512
	Police Records	38,047
	Crime Laboratory	34,365
	Municipal Security	74,856
	Photo Enforcement	213,432

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	Mounted Patrol	69,382
	Parks/Preserve Unit	581,019
Neighborhood	Code Enforcement	187,674
Court	Court Service Rep.	23,825
General Fund	Reserve increase – to meet policy	419,251
Subtotal FY04/05		(\$4,611,765)

Subsequent to budget adoption, the City Council authorized further use of the new tax to fund Fire radio and communications upgrades of \$3,350,000, which consumed the remaining FY 2004/05 tax balance. City Council also approved public safety tax funding for enhanced Fire service levels (\$2.4 million for added fourth man and shift change) and financing of new Police/Fire administration building (\$916,790 annually for ten years) – both approvals begin expenditures in the next fiscal year.

The proposed FY 2005/06 budget includes the following public safety enhancements to be funded by the new tax approved by taxpayers:

FY 04/05 Enhancements	Estimated FY 05/06 Recurring Costs of prior year enhancements	\$3,685,138
FY 04/05 Mid-year Authorizations	Fire Enhanced Service Level	2,400,000
	Fire/Police Admin. Bldg. Financing	916,790
FY05/06 Additions:		
Police	Patrol Unit(s)	1,766,103
	Pipeline positions	300,000
	Training Officers	165,429
	Internal Affairs	109,419
	Detention	354,521
	Property & Evidence	38,474
	Police Records	202,262
	Communication Technician	55,172
	Recruiting & Personnel	90,576
General Fund	Reserve increase – to meet policy	564,713
FY 05/06 Subtotal	Enhanced Public Safety Expenditures	(\$10,648,597)
Less:	Estimated Public Safety Tax Receipts	9,667,000
Total	General Fund balance	(\$981,597)

Which of these items were previously in the general fund?

None of the above listed expenditures were previously in the General Fund and all represent enhancements to previous Public Safety service levels and capital improvements.

Re. Councilman McCullagh's question concerning accounts receivable aging and selling of aged accounts to collections agency.

Sales tax, utility billing, and miscellaneous receivables are aged for 30, 60, 90 and 120+ days and City staff work on collections of these receivables. Receivables past 120 days are written off every six months and outsourced to an outside collections agency. Any subsequent collections gain for the City from the collections agency activity is then receipted as revenue.

Q. How much do we have in outstanding receivables that are 120 day or older?

A1. Currently there is \$129,150.46 in placements from utility billing that are 120 days delinquent.

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A2. For sales tax we have a total of \$127,486.49 in non-audited 120-day delinquent accounts. For those accounts that have been audited, we have \$686,282 in adjusted accounts receivable.

Q. How often do we write-off receivables and about how much do we write off per year?

A. Write offs are performed twice a year, once in June and the other in December. The average amount written off in sales tax is \$192,260 (slightly more than one tenth of one percent of total salestax collections), while the average balance written off within utility billing is \$79,176 (less than one tenth of one percent of total utility receipts).

Q. Are you aware of the city ever trying to “sell” the accounts that are written off so that someone else can try to collect and keep the collections?

A. No, at the present time the City only works with one 3rd party collection agency. However, there has been some discussion regarding the “selling” of some accounts to an outside agency. Our understanding is that this practice results in more ‘aggressive’ collections techniques employed by the vendor and would need to be balanced against citizen/customer considerations. The Revenue Recovery Manager will review this alternative in the coming year as a possible method to collect more revenue, which is currently being written-off.

Councilman Osterman

1. Support reallocating Transportation tax from 60/40 to a 50 capital / 50 operating split.

In the proposed FY 2005/06 budget, staff is recommending that City Council modify the Transportation Sales Tax allocation from the current 60 percent for capital and 40 percent for operating purposes to 50 percent and 50 percent, respectively. This change would help to support the reestablishment of transit services that were reduced two years ago due to the economic downturn. This proposal is possible due to the passage of Proposition 400 in November 2004, which provides the City with increased regional transportation funding for operating and capital purposes.

2. Would like to see a trend analysis of the last three years for FTE's, population, and revenues.

See “Attachment A” entitled: **General Fund Trend Analysis (Past Three Years)**. Please note this information is presented at a summary level for the General Fund, the City’s main fund.

Attachment A

City of Scottsdale Proposed FY 2005/06 Budget
Staff Response to City Council Budget Subcommittee
General Fund Trend Analysis (past three years)

FY	Population	Change From PY	General Fund Adopted/Proposed Revenues & Transfers In	(direct service delivery)			General Fund Adopted/Proposed Debt Service	\$ Change from PY Adopted Budget	%	Change from PY Adopted Budget	\$ Change from PY Adopted Budget	%	Change from PY Adopted Budget	General Fund Adopted/Proposed FTEs	FTEs per 1000 Residents
				General Fund Adopted/Proposed Department Budgets	\$ Change from PY Adopted Budget	% Change from PY Adopted Budget									
2002/03	218,940		\$203,636,141	\$170,432,927			\$14,081,179				\$184,514,106			1,703	7.8
2003/04	222,880	1.80%	\$195,674,509	\$172,582,456	(\$7,961,632)	-3.91% (a)	\$11,481,801	(\$2,599,378)	1.26%	-0.24%	(\$449,849)			1,666	7.5
2004/05	226,430	1.59%	\$214,703,680	\$185,469,183	\$19,029,171	9.72% (b)	\$12,113,964	\$632,163	7.47% (c)	7.34%	\$13,518,890			1,779	7.9
2005/06	230,270	1.70%	\$244,720,817	\$210,831,246	\$30,017,137	13.98% (b)	\$9,073,715	(\$3,040,249)	13.67% (d)	11.30%	\$22,321,814			2,164	9.4

(a) Represents an anticipated decrease in revenues based on the downturn in the economy.

(b) Revenue forecast reflects economic recovery and anticipated improvements in revenues and the new Public Safety Sales Tax approved by voters.

(c) FY 2004/05 reflects the initial cost increase associated with public safety service enhancements funded by the Public Safety sales tax and employee salary and benefit costs.

(d) FY 2005/06 continues the enhancements to the public safety services funded by the Public Safety sales tax and provides funding for the proposed new staff positions, employee salary and benefit cost increases. It also covers increases in contractual services and commodity costs.

(e) Debt service variances are attributable to the issuance and repayment of long-term debt.

(f) This amount includes the 266 mid-year FTEs approved by City Council during FY 2004/05 (Fire 256 FTEs and Court/Prosecutor 10 FTEs) plus 119 proposed new FTEs for FY 2005/06.

(g) Excludes transfers-out to other funds for items such as the Transportation subsidy and Capital Improvements Project funding.

Responses to Vice Mayor Betty Drake – April 18, 2005

1. **Funding for continuation of the McDowell Sonoran 'Preserve Connections' program.**

Response: Staff estimates that continuing the Preserve Connections program will have a current annual estimated cost of \$7,500, which will allow for trail runs to the Preserve during the 2005/06 fiscal year. The proposed budget could be increased by \$7,500 to continue the Preserve trips in FY 2005/06. Since only one year is appropriated at a time, this service will need to be re-evaluated during the FY 2006/07 budget development process to determine appropriate funding levels based on public response and interest.

2. **Funding for improvement of Mescal Park.**

Response: Funding needs for Mescal Park improvements will vary depending on the type and level of improvements requested. Based on staff feedback, the proposed FY 2005/06 operating budget and staffing should be sufficient to address basic service improvements to the park, such as additional waterings and drags. To address possible capital improvements at the park, such as rubberized footing and park lighting, addition assessment is required by staff. Depending on the assessment, staff currently estimates the cost of capital improvements could range from \$150,000 for rubberized footings up to \$300,000, if park lighting is added. Park lighting also will require public input and outreach efforts of the surrounding community. For FY 2005/06, a budget appropriation placeholder of \$150,000 could be established in the capital budget while staff performs a more detailed assessment of the capital needs for Mescal Park.

3. **Funding for Scottsdale's membership in the Papago Salado Association @ \$25,000.**

Response: The proposed FY 2005/06 budget for the Preservation Department includes \$25,000 for a City membership in the Papago Salado Association.

4. **Online searchable budget.**

Response: The final FY 2005/06 adopted budget on the City's website, as well as on compact disc, will have search capabilities comparable to those found in the current FY 2004/05 budget on the Web. The proposed FY 2005/06 budget did not contain search options due to time constraints and limited staff during budget development.

5. **Power Line Undergrounding.**

Response: The proposed FY 2005/06 budget currently does not include funding for undergrounding. Per the City's adopted financial policies, the City Council may authorize "pay-as-you-go contributions of up to 10% or \$500,000, whichever is less, towards any single utility undergrounding improvement." If Council desires, staff could create a FY 2005/06 capital project for \$500,000 to fund undergrounding projects and feasibility studies.

Retirement Alternatives

Background

This white paper was developed as a result of a request from the City Council Budget Subcommittee to examine possible alternatives to the City's existing mandatory defined benefit retirement plans (ie., Arizona State Retirement System, Public Safety Personnel Retirement System, Elected Officials Retirement System).

It is important to note at the outset that in Arizona, there are Constitutional, statutory and case law provisions that preclude or significantly impact an employer's capacity to unilaterally withdraw from the existing mandatory state retirement systems. It is likely that a combination of statewide Constitutional and statutory amendments would be required to replace the existing defined benefit plans as the primary retirement plans. A separate memorandum is forthcoming from the City Attorney's Office on the relevant legal issues.

The extensive volume of white papers, journal articles and briefs that exist regarding retirement systems and alternatives to defined benefit plans make it difficult to summarize all relevant information in a limited time frame. In preparing this white paper, staff has attempted to share some of the most pertinent facts and findings. In addition, this background section includes some definitions to clarify differences between plans and information relating to the City's plans.

Defined Benefit (DB) Pension Plan. A retirement plan in which benefits are calculated according to a formula or rule, typically based on pay or a negotiated flat-dollar amount and years of service, and under which benefits are defined as a life annuity. Contribution rates for such plans are based on actuarial analysis.

➤ Private DB plan:

- Typically not contributory; there are usually no employee contributions; and no individual accounts are maintained for each employee.
- Employer makes regular contributions to the plan to fund the future participant benefits.
- Employer bears the risk associated with providing the guaranteed level of retirement benefits.

➤ Public DB plan:

- Requires contributions from the employee as well as the employer.
- In Arizona, contributions to the ASRS are a percentage of pay and the same for the employee and employer.ⁱ

Defined Contribution (DC) Pension Plan. A qualified retirement plan in which specified contributions are made to participants' individual accounts. The benefit payable at retirement is based on money accumulated in each employee's account.

- Sometimes there are only employer contributions, sometimes only employee contributions, and sometimes both.
- In addition to employee contributions being fully vested immediately, many DC plans provide at least partial vesting of employer contributions after two or three years of service.

- The accumulated money reflects employer contributions, employee contributions (if any), and investment gains or losses. The accumulated amount may also include employer contributions forfeited by employees who leave before they become fully vested; to the extent such contributions are reallocated to the accounts of employees who remain.ⁱⁱ

Cash Balance Plan. A DB plan that simulates a DC plan. Benefits are definitely determinable, but account balances are credited with a fixed rate of return and converted to a monthly pension benefit at retirement.ⁱⁱⁱ

City of Scottsdale Retirement Plans

- All eligible City employees are required to participate in one of two state of Arizona defined benefit plans: Arizona State Retirement System and Public Safety Personnel Retirement System. Elected officials also participate in the mandatory statewide Elected Officials Retirement System.
- The City also offers a voluntary deferred compensation (457) plan through International City/County Management Association Retirement Corporation (ICMARC). Similar to a defined contribution plan, this is a supplemental and optional retirement investment plan that is funded by employees. Currently, there are 1,756 participants in the City's 457 plan through ICMARC, with total assets of \$42,600,000. Approximately 1,300 of the participants are active Scottsdale employees.

Arizona State Retirement System (ASRS)

- Created in 1953 to provide *defined contribution* retirement benefits to employees of the state of Arizona, Arizona universities and political subdivisions.
- In 1970, the state legislature authorized the creation of a *defined benefit* plan, contingent upon the election to transfer a minimum 70 percent of the ASRS membership. More than 80 percent voted to transfer to the defined benefit plan, which became effective July 1, 1971.
- All new members to the ASRS are enrolled in the DB plan.^{iv}

City of Scottsdale Agreement with ASRS

- City of Scottsdale joined the ASRS by adopting the Application and Agreement between the Town of Scottsdale and The Arizona State Retirement System Board (Agreement) on July 19, 1960, effective July 1, 1960.
 - Terms and conditions include "8. Termination of Plan" - This agreement provides for termination with two years advance notice. However, the Arizona Office of Attorney General opinion is that the City of Scottsdale cannot withdraw from ASRS relative to the two-year notice provision. The position of ASRS for many years has been that an employer may not withdraw from the ASRS.

State Statute

- State statute allows the state, including political subdivisions, to establish a DC plan.
 - ARS. Sec. 38-951 et seq. Section 38-953, expressly makes such a plan "in addition to" and "not [to] replace an employee's existing state defined benefit retirement plan."

ASRS Financial Information

- ASRS Plan statistics as of June 30, 2004:
 - 10-year rate of return of 10.3%
 - Total fund assets of \$21.4B
 - Over 400,000 members and 720 employer members^v
- Per the latest ASRS financial report, for the ten fiscal years ended June 30, 2004, additions to the ASRS included:^{vi}

Source	Dollars	Percent
Investment Earnings	\$15.9 billion	78.7%
Employer contributions	\$ 1.9 billion	9.6%
Employee contributions	\$ 1.9 billion	9.6%
Other	\$ 0.4 billion	2.1%
Total	\$20.1 billion	100%

Nearly 80% of the additions are from investment earnings, while employer (taxpayer) and employee contributions are a relatively small percentage of the overall retirement system contributions at < 10% each. The professional money management and resultant investment return, which provides significant investment earnings contributions to the plan, benefit both the employee and employer.

- In addition to other actuarial considerations, contribution rates fluctuate with stock market performance and the resultant return on investment. ASRS contribution rates from 1995 to 2003 were the lowest since the inception of the plan in 1953, ranging from an all time low of 2% to 3.36%. However, contributions were at 7% for a period of nine years (1975-1984). The current rate is 5.2% and for the FYs 2005/06 and 2006/07 it will be 7.75%. Current budget planning incorporates meeting the City's contribution requirements to the defined benefit plans without reductions in service to the community.

Information on DB and DC plans

1. Many of the factors driving the change toward DC plans are largely irrelevant to the public sector^{vii}:
 - a. Attempts to reduce costs by replacing a DB plan with a DC plan may not produce budget savings.
 - i. Laws governing public pension plans generally protect pension benefits from diminution.
 - ii. This prohibition against reducing benefits requires a public employer to continue administering its DB plan to at least existing plan participants.
 - iii. If a DC plan also is established, the employer will need to administer both plans, which may limit anticipated budget savings.
 - iv. Some methods used to value public pension plan liabilities rely on the continuous flow of new, younger members to help fund the cost of the plan's liabilities - diverting future employees from a DB to a DC plan can increase the cost of the DB plan.^{viii}

- b. State and local government pension plans are exempt from most of the laws and regulations, known as ERISA, that govern private sector DB plans.^{ix}
2. ERISA imposes a substantial cost and administrative burden on employers that sponsor a DB plan, and accounts for much of the private sector movement toward DC plans.^x
3. A majority of large private sector employers continue to offer a DB plan.
 - a. This is likely attributable to the economy of scale large employers enjoy, enabling them to incur the cost and burden of providing a DB plan; and to the relative ease and low cost of establishing a DC plan.^{xi}
 - b. 346 of the S&P 500 (69%) offer DB plans as their primary retirement plan.^{xii}
 - c. A recent Watson Wyatt analysis of Fortune 100 companies, which are many of the nation's largest employers, found:
 - i. 50 percent provide a DB plan as their primary retirement plan option, of these most offer a supplementary 401(k) plan.
 - ii. One-third offer a hybrid plan, which combines elements of DB and DC plans.
 - iii. Only 17% offer a DC plan as their primary retirement benefit.^{xiii}
4. Most of the decline in the number of private sector DB plans has occurred among small employers – those with fewer than 250 employees.^{xiv}
5. The private sector trend toward DC plans may not be as great as implied by many advocates of DC plans.^{xv}
 - a. During the two year period, 2000-2001, the trend away from DB plans virtually stopped, and the number of companies offering a DC plan as the primary retirement benefit held steady.^{xvi}
 - b. This trend is consistent with other studies indicating that most of the reduction in private sector DC plans during the past 25 years took place among smaller employers, and in the wake of the enactment of ERISA and subsequent amendments.^{xvii}
6. National Association of State Retirement Administrators believes that employers should take advantage of both plan types by offering a DB plan as the primary retirement benefit, supplemented by an optional DC plan^{xviii} (this is similar to what the City of Scottsdale currently has).
7. Most public employers offer a voluntary DC plan, such as a 457 or 403(b) that supplements the DB plan.^{xix}
8. About one-third of employees eligible for a 401(k) don't participate.^{xx}

Other Public Entities and DC Plans

1. The state of Nebraska has had DB and DC plans and is often cited in industry reports. Nebraska's 2000 benefit adequacy study led them to change their DC plan to a cash balance plan beginning in 2003. The study showed that:
 - a. The DB plans for school employees; state judges and state patrol had provided 60 to 70 percent income replacement.
 - b. The two DC plans, for 18,500 state and county employees, had provided an income replacement of only about 25 to 30 percent. This was despite the fact that both employees and employers contributed about 11.5 percent of pay each year.
 - c. The DC plans' low-income replacement ratio was the result of poor investment returns over many years that, in large part, were the result of the investment decisions many participants had made since the mid 1980s.
 - i. Although they had 11 investment funds to choose from, participants put 90 percent of their money in three, and half of that 90 percent is in a stable value fund, the default fund.
 - ii. Nebraska had a comprehensive investment education program since the mid 80's. Employees were given opportunities to attend full-day seminars with pay and contracted with a company to provide an investment toll free number to members.
 - d. As of January 1, 2003, Nebraska offered those state and county employees the option of a cash balance plan. The state will convert DC plan balances of those choosing this option to cash balance accounts.
 - e. After January 1, 2003 all new hires will have to enroll in the cash balance plan. At retirement, cash balance plan participants will choose either a lump sum balance or a monthly annuity.^{xxi}
2. The state of Florida enacted a law in 2000 creating a DC plan and modifying its DB plan. It was estimated at the time that 30% of the state's 600,000 eligible public employees would switch into the DC plan. Only 3% of the employees actually exercised their option to switch plans as of early 2004.^{xxii}
3. In Ohio, where an optional DC plan and a hybrid plan for teachers were established, only 2.5% of existing employees and 25% of new hires joined.^{xxiii}
4. When Michigan introduced its DC plan in 1997, only 6% of employees decided to join.^{xxiv}

Employee Relations Implications

As previously referenced, data from other states that offer a DC plan as an alternative to a DB plan indicates that an overwhelming majority of those eligible to switch elected to stay with the DB plan. This reflects recent experiences in Michigan, Florida, Ohio and South Carolina.^{xxv}

Setting aside the legal barriers to shifting to a DC plan, it is reasonable to assume that most City of Scottsdale employees would also prefer to remain in the existing defined benefit retirement systems.

To the extent that the prevailing practice in the Phoenix metro area is for municipalities to continue to offer the existing state DB retirement plans, the City of Scottsdale would arguably be at a competitive disadvantage in its capacity to recruit, hire and retain a qualified workforce. This would be even more significant as it relates to the City's ongoing need to hire and retain qualified employees in the highly competitive public safety job market.

Endnotes:

ⁱ Swerdlin Company, “The Swerdlin Glossary”, available from www.swerdlin.net/library/glossary/main.html; Internet; accessed 17 March 2005.

ⁱⁱ Ibid

ⁱⁱⁱ Ibid

^{iv} Arizona State Retirement System Fact Sheet, “The Defined Benefit Plan”, July 2003

^v Arizona State Retirement System Fact Sheet, “ASRS At A Glance”, February 2005

^{vi} Arizona State Retirement System “A Component Unit of the State of Arizona” Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2004, page 54 (compiled from)

^{vii} White Paper, National Association of State Retirement Administrators, “Myths and Misperceptions of Defined Benefit and Defined Contribution Plans”, November 2002, Updated February 2005, p. 2

^{viii} Ibid, p. 17

^{ix} Ibid, p. 2

^x Ibid

^{xi} Ibid

^{xii} Ibid

^{xiii} Ibid, p. 3

^{xiv} Ibid, p. 2

^{xv} Ibid

^{xvi} Ibid, p. 3

^{xvii} Ibid

^{xviii} Ibid, p. 2

^{xix} Ibid, p. 1

^{xx} Arizona Republic; March 28, 2005, Gannet News Service; Source: Hewitt Associates, based on 2.5 million eligible employees at 107 large defined contribution plans

^{xxi} Buck Consultants, “Public Employers Discuss the ‘Whys and Hows’ Behind Their Retirement Plan Changes, p. 4 and 5


^{xxii} Governing Magazine, March 2004, p. 3

^{xxiii} Ibid

^{xxiv} Ibid

^{xxv} White Paper, National Association of State Retirement Administrators, “Myths and Misperceptions of Defined Benefit and Defined Contribution Plans”, November 2002, Updated February 2005, p. 20


City Council Budget SubCommittee Presentation



**Presentation of Recommendations
by the City Council Budget Subcommittee
to the Full City Council
Regarding the FY 2005-06 Budget**


April 26, 2005

Full report available online at
www.ScottsdaleAZ.gov




Subcommittee Members

- Councilman Wayne Ecton, Chair
- Councilman Ron McCullagh
- Councilman Kevin J. Osterman




Subcommittee Purpose

The City Council Budget Subcommittee was established for the purpose of gathering public input regarding the Scottsdale city budget and making recommendations to the full City Council on the budget.




Subcommittee Activities

- Held 12 public meetings from early December 2004 thru mid-April 2005 to discuss key issues in the proposed budget and formulate recommendations to the full City Council.
- Held four roundtable discussions with citizens to gain input on citizen priorities and receive feedback on the proposed budget.
- Held three half-day working sessions to review in detail the proposed budget with all department managers.



Subcommittee Activities

- Discussed and considered issues brought up by citizens throughout the public input process.
- Discussed a number of issues raised by members of the Subcommittee during the process, requesting additional information from staff.
- Agreed on a number of specific recommendations for consideration by the full City Council.



Specific Recommendations

Additional office space for the Scottsdale Cultural Council.

- The Subcommittee recommends that the City Council amend the proposed budget for FY 2005/06 and add \$87,000 from the General Fund unreserved fund balance for the purpose of assisting the Scottsdale Cultural Council in the acquisition of additional leased office space.

Specific Recommendations



Additional office space for the Scottsdale Cultural Council (continued).

- The Subcommittee further recommends that the City Council and staff continue to work with the Scottsdale Cultural Council on a plan to assess the needs of the Cultural Council.
- The City Council should also consider revising the current contract with the Cultural Council to better outline the current expectations and responsibilities of both parties.

Specific Recommendations



Preserve Connections program.

- The Subcommittee recommends that the City Council amend the proposed budget to add \$7,500 from the General Fund unreserved fund balance to fund the continuation of the Preserve Connections program during the 2005/06 fiscal year.
- This program was successful as a pilot program in March 2005 and should be continued.

Specific Recommendations



Mescal Park Improvements.

- The Subcommittee recommends that the City Council amend the proposed FY 2005/06 Capital Improvement Plan and transfer \$150,000 from the General Fund unreserved fund balance to create a Mescal Park capital improvement project.
- The funds would be used to address possible capital improvements at the park. This is in response to concerns raised by citizens about the condition of the park during the public input process for the budget.

Specific Recommendations



Mescal Park Improvements (continued).
Park Location (68th Pl. between Shea and Cholla)



Specific Recommendations



Mescal Park Improvements (continued).

- If additional funds are needed, the City Council could authorize the use of additional CIP contingency funds at a later date.
- Park lighting also will require public input and outreach efforts of the surrounding community.
- An initial neighborhood meeting on these issues is scheduled for Thursday, May 5, at Cocopah Middle School (6615 E. Cholla).

Specific Recommendations



Power Line Undergrounding.

- The Subcommittee recommends that the City Council amend the proposed Capital Improvement Plan to add \$500,000 from the General Fund unreserved fund balance in FY 2005/06.
- This new project would fund feasibility studies related to the possible undergrounding of utilities (for example, along the Crosscut Canal) and to support local improvement district undergrounding projects.



City Council Budget SubCommittee Presentation

Additional Information



Additional funding for EMSD Commission.

- The Subcommittee received a request from the EMSD Commission for \$130,000 in City funds for additional marketing of Scottsdale's Downtown.
- The Subcommittee declined to make a recommendation on the request.
- The Subcommittee requested that the full City Council consider this item as part of the agenda item regarding funding for the EMSD Commission currently scheduled for the May 17, 2005 Council meeting (before tentative budget adoption).

Additional Information



Enhanced Enforcement on the Loop 101 Freeway.

- The Subcommittee clarified that no funding for photo enforcement or increased patrols on the Loop 101 is included in the proposed Budget.
- Any enhanced enforcement on the Loop 101 would require City Council consideration before tentative Budget adoption May 17, 2005.

Additional Information



Distribution of Health Care Premiums.

- A member of the Subcommittee brought to the Subcommittee's attention the distribution of health care premium costs.
- Subsequent to that discussion, the City Council approved the health care package for FY 2005/06.

Additional Information



Distribution of Health Care Premiums (continued).

- The Subcommittee learned that staff would analyze health benefit costs and revenues and make recommendations regarding further cost sharing through premium rates and plan design features (for example, co-payments, co-insurance for prescription costs and deductibles).

Staff Support



- Jan Dolan, City Manager
- Neal Shearer, Asst. City Manager
- Craig Clifford, Chief Financial Officer
- Art Rullo, Budget Director
- Brent Stockwell, Asst. to Mayor/Council

Presentation of Recommendations by the City Council Budget Subcommittee to the Full City Council Regarding the FY 2005-06 Budget

April 26, 2005

Full report available online at
www.ScottsdaleAZ.gov